



Japanese economy
Is the package too little, too late?
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On patrol in the townships
Death

FINANCIAL TIMES

Europe's Business Newspaper FRIDAY SEPTEMBER 17 1993 D8523A

Surprise accord raises hopes for talks on Bosnia

Hopes that Bosnian peace talks could be reconvened soon were bolstered when the international mediators, Lord Owen and Mr Thorvald Stoltenberg, announced they had called the three warring parties to Sarajevo next Tuesday "to consider signing" an overall settlement. The move follows a surprise accord with the Bosnian Serbs signed by Bosnian president Alija Izetbegovic. The situation has been inflamed, however, by reports that Moslems massacred 30 Croat civilians on Wednesday. Page 3

Short-term borrowing attacked: The "innovative" practice of financing capital investment with short-term borrowings came under fire from Johann Wilhelm Caddum, the vice-president elect of the Bundesbank. Page 16

Danes cut discount rate by half point

The Danish central bank cut its discount rate half a point to 8.75 per cent. The krona remained steady at Dkr4.11 to the D-Mark even after the rate cut. "This cut in the discount rate is a visible signal to the rest of the world that the central bank is willing to lower rates," said a senior banker. Page 2

Balladur's plea: French premier Edouard Balladur urged industry to minimise job cuts and avoid using redundancies as the "easy solution" to economic troubles. Page 16

Commission cools debate: The European Commission mounted a damage limitation exercise after the call by president Jacques Delors for new rules to combat speculative attacks on European currencies. Page 16

Japanese trust banks act: Mitsubishi Trust and Banking and Sumitomo Trust and Banking, the Japanese trust banks, took advantage of the country's financial deregulation to establish securities subsidiaries. Page 17

Adviser blamed: Hungary's privatisation authority is striking Magyar Paribas, the local subsidiary of France's Paribas, off its list of advisers. Hungary's State Property Agency claimed Paribas had made "big mistakes" as consultant on the privatisation of a bakery. Page 17

Mother Teresa has surgery: Mother Teresa underwent surgery to clear a blocked heart vessel. The 83-year-old Roman Catholic nun was in stable condition after doctors in Calcutta inserted a catheter through an artery to open a blocked vessel on the left side of her heart.

De Klerk's objective: President F.W. de Klerk of South Africa is trying to persuade Chief Mangosuthu Buthe, leader of the mainly Zulu Inkatha Freedom party, to return to constitutional negotiations. Page 6

EC companies miss out: European companies are missing opportunities in the global investment boom in high-growth developing countries, according to a new report by the European Round Table, a club of 40 top industrialists. Page 4

Turner seeks compromise: Ted Turner, chairman of Turner Broadcasting System, said he was seeking a compromise with the French in a row over US programme content of his new satellite television channel. Page 20

Blow to shareholders: Japan's shareholders' rights movement suffered a setback when a Tokyo court ruled that directors of Nomura Securities were not required to reimburse the securities house for losses incurred in compensating favoured corporate clients for stock investment losses. Page 19

Greek self-off delayed: Greece's privatisation programme has been put to a halt ahead of next month's election amid fears that if the socialists win it will be abandoned. Page 2

Cash distribution: General Dynamics, the US defence contractor which has been shrinking through the sale of large parts of its business, announced plans to distribute \$372m of the disposal proceeds to its shareholders, the third such cash disbursement this year. Page 20

STOCK MARKET INDICES		STERLING	
FT-SE 100	3003.9 (+14.5)	New York lunchtime	1,532
DAX	1,287.07 (+3.40)	London	1,535 (1,561)
FTSE 100	1,287.07 (+3.40)	DM	2,482 (2,472)
FT-Air-Share	1,483.42 (+0.3%)	FF	8.6 (8,622)
Nikkei	20,592.15 (+45.64)	Sfr	2.15 (2,150)
New York lunchtime		Y	100 (104.7)
Dow Jones Ind Ave	3,624.98 (+8.87)	C Index	88.5 (81.2)
S&P Composite	499.36 (+2.24)		
US LUNCHTIME RATES		DOLLAR	
Federal Funds	3%	New York lunchtime	1,532
3-mo Treasury Bill	3.000%	London	1,535 (1,561)
Long Bond	7.00%	DM	2,482 (2,472)
Yield	6.00%	FF	8.6 (8,622)
LONDON MONEY		Sfr	2.15 (2,150)
3-mo interbank	5.1%	Y	100 (104.7)
Life long gilt future	112.4 (Sep 11/13)	C Index	88.5 (81.2)
NORTH SEA OIL (Argus)			
Brent 15-day (Nov)	\$16.01 (15.97)		
Gold			
New York Comex (Dec)	\$354.7 (349.6)		
London	\$352.25 (347.6)		

Austria	Sch30	Germany	D30	Italy	It100	Spain	SP100	Switzerland	SMI
Belgium	B30	Hungary	H30	Japan	N100	Sweden	SE100	UK	FTSE 100
Denmark	D30	Netherlands	AEX	South Africa	JSE 30	USA	DOW JONES		
France	C30	Norway	N30	Sweden	SE100				
Greece	ATX	Poland	GPW	Switzerland	SMI				
Ireland	ISEQ	Portugal	BVL	Taiwan	TSE				
Israel	TASE	Spain	IBEX	Thailand	SET				
Italy	It100	USA	DOW JONES	Turkey	BIST				
Japan	N100			UK	FTSE 100				
South Africa	JSE 30								
Sweden	SE100								
Switzerland	SMI								
Taiwan	TSE								
Thailand	SET								
Turkey	BIST								
USA	DOW JONES								
UK	FTSE 100								

VW cancels finance deal of \$860m for Skoda

Move threatens to worsen strained relations with Prague

By Christopher Parkes in Frankfurt

VOLKSWAGEN yesterday cancelled a complex DM1.4bn (\$860m) investment financing package for Skoda, its Czech subsidiary, hours before the deal was due to be signed in London. The move, which threatens to bring VW into conflict with international banks and worsen strained relations with the government of the Czech Republic, highlighted the intensity of the scramble to cut costs at the troubled automotive group.

The package, negotiated with the European Bank for Reconstruction and Development, the World Bank's International Finance Corporation, and a private banking consortium led by Dresdner Bank, was no longer needed, VW said.

The participating banks, stunned by the news, offered no comment, but were hoping for a full explanation over dinner at the Mirabelle restaurant last night, arranged by Dresdner Bank, and intended to celebrate the signing.

Mr Ferdinand Piëch, VW chairman, was understood to be attending. He is believed to have telephoned Mr Václav Klaus, the Czech prime minister, yesterday, to assure him that VW's commitment to Skoda remained unaltered by the decision.

It was not clear if the VW supervisory board, which must usually be consulted on important investment decisions, had been informed.

"It was an honest step, even though it was taken at short notice," said Mr Otto Ferdinand Wachs, a group spokesman. The company could have signed and then cancelled it, he added.

He credited Mr José Ignacio López de Arriortua, VW's controversial production director, with improvements to manufacturing processes which had helped make the loan unnecessary.

"This is a positive move which will improve profitability both at

Skoda and group level," Mr Wachs added.

Interim results of an investment review, due to be considered by the company's supervisory board in November, showed that productivity improvements at Skoda meant investment requirements would be "considerably lower" than thought, the company said in a statement.

Under current plans VW was expected to spend a total of DM7bn at Skoda this decade, it added. It is understood that only around DM500m has so far been paid out this year. The planned total has been cut to around DM4bn.

The VW statement said further cuts lay ahead for other parts of the group, but Mr Wachs could offer no details, he said, because the review was incomplete.

A similar review last January resulted in a DM7bn cut in medium-term investment plans for the VW vehicles business. Spending for this year alone was halved to around DM6bn, and other investments were postponed.

The cancellation is likely to cause more unease in the German government. It has been disturbed by the threat of damage to the national reputation by the storm surrounding Mr Piëch and Mr López, who has been under criminal investigation on suspicion of industrial espionage against General Motors of the US for several months.

Mr Günter Rexrodt, economics minister, recently abandoned an attempt to broker peace between the two sides.

Earlier this week VW was obliged to provide an emergency cash injection of DM1.5bn for Seat, its Spanish subsidiary, after "unexpectedly" discovering that it was heading for a DM1.25bn loss this year. The discovery has dashed all hopes of the group's reaching break-even this year.

VW is already embroiled in a row with Prague after it announced an 8 per cent increase in Skoda prices in the Czech market last month.



Return to favour: Yegor Gaidar greeted by Boris Yeltsin at a meeting of Russia's presidential council

Yeltsin reappoints Gaidar in boost for reform moves

By John Lloyd and Leyla Bouton in Moscow

MR YEGOR GAIDAR, the architect of Russia's economic reform, who resigned under pressure from parliament at the end of last year, is to rejoin the cabinet as a first deputy prime minister as the government acts to impose a tough package of spending cuts and tax rises.

President Boris Yeltsin announced the appointment, a strong boost to faltering economic reform and an equally high stake to parliament, as he visited an interior ministry troops division near Moscow.

Mr Yeltsin was quoted by the official news agency Tass as saying that "in this way the conflict between the deputy ministers Oleg Lobov and Boris Fyodorov will be decided".

Mr Lobov, who has been pressing a programme of state investment and controls on the president, in opposition to Mr Fyodorov's advocacy of strict macroeconomic controls and cuts in state expenditure, appears to be the main loser - and with him, the alternative economic strategy based on state credits and an end to voucher privatisation.

The decision to invite back Mr Gaidar, issued to the 37-year-old economist by Mr Viktor Chernomyrdin, the prime minister, was taken around the time of a visit to Moscow earlier this week by Mr Laurence Summers, the US Treasury undersecretary.

Mr Summers, who has been deeply concerned over the Russian reform progress, to which the Group of Seven governments had pledged a package of support worth \$44bn, was said to be heartened by his visit. He hoped that the international Monetary Fund and World Bank lending programmes, suspended because of lack of progress on reform, would be resumed before the year-end.

The decision to bring back Mr Gaidar, whether or not taken under direct US/G7 pressure, is clearly meant as a signal that Russia remains committed to reform - and that Mr Yeltsin is willing to confront parliament in his struggle to replace the constitution and the economic system.

It is not clear, however, how Mr Gaidar will fit into the government structure. Those close to him say that he has already demanded that Mr Lobov, a former Communist party official with close links to Mr Yeltsin, should be fired. At the same time, senior officials in the finance ministry, Mr Fyodorov's base, cautioned last night that Mr Gaidar and Mr Fyodorov, although both radicals, could clash.

Hours before the appointment was announced, Mr Chernomyrdin had warned that the government would announce a package of cuts across all state spending, in what appears to be an effort to bring the faltering reform programme back on track.

Mr Chernomyrdin said the government "confronts a choice" between reasserting control over monetary policy, or plunging into ever higher budget deficits and inflation. "The top priority in these conditions is financial stabilisation."

Dismay at Japan's \$58bn spending package

By William Dawkins in Tokyo

JAPAN'S new government yesterday announced Y6,150bn (\$58bn) of government spending, deregulation and measures to pass on the rewards of the yen's strength to consumers.

The measures, the government's first big economic initiative, are designed to help pull the country back from the edge of recession. To widespread disappointment they fell short of proposing income tax cuts.

Business groups have urged tax reductions, but the seven-party coalition is divided on fiscal policy and the ministry of finance is unwilling to lose revenue. Tax reform will instead be studied by a government panel, due to report next year.

That brings to Y18,350bn the amount set aside so far this year to stimulate the flagging economy, after a Y13,500bn plan by the previous government in April. Most of that has yet to be spent.

Mr Morihiro Hosokawa, the prime minister, admitted that yesterday's measures were insufficient to revive the economy, but did not exclude further action. The yen rose against the dollar, while Tokyo stock prices fell sharply. The Nikkei average closed 445.64 points lower at 20,502.15.

The plans received a lukewarm reception from economic analysts. However, they received a surprisingly cordial response from the US, which has been urging Japan to stimulate the economy to restrict its record trade surplus. Mr Laurence Summers, the US Treasury undersecretary, who is visiting Tokyo, said he was pleased to see Mr Hosokawa introduce such measures so soon after taking office and hoped they would contribute to stimulating demand.

In London, British Treasury officials welcomed the measures to boost the economy and open markets, as well as recent reductions in market interest rates. They cautioned, though, that it was not clear that the measures would produce recovery.

Continued on Page 16 Details, Page 7

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WINE MAKER'S NOTES

Exhibits natural apple, citrus fruit aromas and flavours of medium light intensity. Has a crisp, dry finish that's easily drinkable.

Appropriate with mild cheeses, lamb, poultry, pork or veal.

Acidity 0.66g/100ml. Residual sugar: Dry 1.0g/100ml. pH 3.35. Minimum 6 months in bottle before release.

THE WINES OF Ernest & Julio Gallo.

NEWS: EUROPE

Imperfect world of capital flows worries EC

By Our Foreign Staff

FOR EC governments and central banks battling with foreign exchange market turbulence, the increased integration of international capital markets is both good and bad news.

The positive aspect of the lowering of barriers between different markets is that governments have been turning to foreign investors to fund soaring budget deficits.

The bad news is that the greatly expanded size of foreign bond market holdings has been a significant factor behind currency unrest during the past year.

The potential disruptiveness of capital flows on the \$1,000bn a day global foreign exchange market helps explain the sporadic calls for capital controls since the July/August crisis in the exchange rate mechanism (ERM).

Mr Jacques Delors, the EC Commission president, on Wednesday appeared to raise the possibility of partially reintroducing controls. Since the EC liberalised capital movements in 1990, much-expanded cross-border investment purchases have increased the share of foreign holdings in many countries' debt markets

from 20 to 30 per cent. However, these funds can move out as well as in. An important reason behind upsets in the ERM has been international investors' off-loading weaker currencies in order to cover their positions in these countries' bond markets.

Many of these holdings represent relatively short-term speculative investments, which can be quickly switched between different currencies. Introducing controls on access to these markets could have a counter-productive effect by spurring international investors to shut currencies sealed off by capital barriers.

General scepticism about the wisdom of such proposals was yesterday summed up by an official at the Danish National Bank.

Denmark has put up with considerable speculative attacks against the krone during the past 12 months. But the official said: "Because capital markets are so integrated, our view is that capital controls are either possible or desirable."

Even after the forced widening of ERM fluctuation bands last month, worries about the volatility of these holdings continue to cast a shadow over EC monetary policies. Fears that

non-resident investors will dump bonds have been one of the reasons preventing weaker currency countries from making rapid cuts in interest rates. France, Belgium and Denmark have all moved only cautiously to ease monetary policy since the end of July. They have avoided using the extra leeway to drift down against the D-Mark within the wider bands.

Another reason for prudence is the need to rebuild foreign exchange reserves depleted in July's unsuccessful defence of ERM parities.

France, which spent an estimated FF330bn (\$59bn) to defend the franc, still has negative net currency reserves, according to figures published yesterday by the Bank of France.

They show that the net deficit, which peaked at FF176bn on August 5, was FF150bn on September 9, an improvement from FF104bn the previous week. Competition among EC countries to attract international savings into their bond markets has so far benefited above all Germany.

According to Bundesbank figures, non-residents exchanged a record net DM257bn into German domestic bonds in

the 12 months to end-June, of which DM171bn went into public sector bonds.

The Bundesbank's desire to maintain the D-Mark's international attractiveness has been a prime reason for its refusal to make faster cuts in short-term interest rates.

This strategy appears to have paid off. Massive foreign inflows, financing a large proportion of the public sector deficit, have helped bring German bond market yields down to near post-war lows.

Foreigners held 26 per cent of total outstanding German public sector debt of DM1,350bn at the end of last year, against 21 per cent of the DM1,050bn debt total at end-1990.

In France, foreign investors have also considerably stepped up their debt holdings. According to estimates in Paris, non-resident holdings of French government bonds of more than seven years maturity rose to FF305bn (27 per cent of total outstanding debt) in April this year from FF137bn (17 per cent) at end-1990.

Foreign holdings of short-term French debt of five year maturity or less also rose strongly to FF213bn (43 per cent of total) from FF118bn (29

The ERM crisis shakeout: changes since July 30

	Exchange rates against the DM	Interest rates: basis points	
		3 month Eurocurrency	10 year bonds
Germany		-19	-41
Belgium	-1.31%	+75	+2
Denmark	-4.94%	-750	-14
France	-2.06%	-162	-47
Italy	-4.28%	-37	-125
Netherlands	+0.27%	-15	-34
Spain	+4.14%	-156	-63
UK	-4.68%	-25	-28

Source: Reuters

per cent) at end-1990.

On the Belgian bond market, rattled by speculative assaults on the Belgian franc, foreign investors are now interested mainly in selling short-term and medium-term bonds.

Some dealers believe foreigners' share of the market may now be below 10 per cent. There have been similar stories of large foreign involvement in other countries' bond

holdings of medium- and long-term bonds in May 1993 totalled Bfr301bn (\$3.6bn), 11 per cent of the total, compared with Bfr250bn, 17 per cent, in June 1992.

Some dealers believe foreigners' share of the market may now be below 10 per cent.

There have been similar stories of large foreign involvement in other countries' bond

Defiance over the role of Frankfurt

By David Walker in Frankfurt

WITH two weeks to go before he steps down as president of the Bundesbank, Mr Helmut Schlesinger yesterday painted a positive picture of the state of the German economy and the impact of the controversial monetary policy pursued by the German central bank over the past year.

Mr Schlesinger, who will chair his last meeting of the Bundesbank council next Thursday before he is succeeded by Mr Hans Tietmeyer at the beginning of next month, said he was sure that the low point of the German recession had been reached following the small 0.5 per cent growth in western Germany gross national product in the second quarter.

He predicted that pan-German gross domestic product for the year as a whole would drop by 1.5 per cent, comprising a 2 per cent fall in the west offset by 0.5 per cent growth in the eastern Länder.

This was in line with internal Bundesbank assumptions which were made last year when formulating monetary policy, he said.

Mr Schlesinger, a 69-year-old Bavarian, took over from Mr Karl Otto Pöhl as president in the summer of 1991 after nearly 40 years working at the German central bank. The last year of his term has been highly controversial as Germany's interest rate policy - starting with the decision to raise rates last July - has prompted one crisis in European currency markets after another.

He was in defiant, *je ne regrette rien* frame of mind yesterday, restating his view that the currency turbulence of last September was caused by governments treating the ERM as if it were a fixed-rate system, ignoring the option to devalue. He said the recent widening of the bands in which ERM currencies were allowed to fluctuate was not the end of the ERM.

He also reiterated the message which accompanied the Bundesbank's cut in interest rates last week: that pressures leading to price rises were calming down and that the rate of growth in money supply, a key determinant of future inflation, was more subdued than in recent months when growth in broad money or M3 has exceeded the central bank's target range.

"The position is not satisfactory but we are moving in the right direction," he said. "Monetary conditions have to a large extent come back to normal."

He said that long-term capital market interest rates were "appropriate for the recessionary environment", hinting that further cuts in short-term interest rates are not to be expected soon.

Name trouble eases for former Yugoslav republic

Trade points way to Macedonian progress

By Kerin Hope, recently in Skopje

THE CLEAREST sign of improved relations between Macedonia and Greece was the appearance this summer of Greek brands of ice-cream at kiosks in Skopje, the Macedonian capital.

Until recently, no Greek exporter would risk being accused of unpatriotic behaviour by sending consumer goods to Macedonia. Dozens of joint ventures, set up by Greek companies when Macedonia was part of Yugoslavia, were frozen after it became independent in 1991.

The Greek government's objection to Macedonia's choice of name, on the grounds that it implies a territorial claim on the northern Greek province of Macedonia, resulted in an unofficial but damaging embargo on bilateral trade.

Greek insistence that the republic of Macedonia find a different name in order to win international recognition also soured relations with its EC partners.

However, the Greeks have become less intransigent, agreeing last month to hold direct talks with Macedonia, under UN auspices.

Whatever the outcome of the Greek general election on Oct 10, policy on Macedonia is unlikely to change markedly. If

the opposition socialists come to power, they will, like the conservatives, refuse to budge on the name issue, while being willing to encourage better economic relations.

Macedonia has managed to shake off diplomatic and economic isolation by joining the United Nations under a temporary name, Former Yugoslav Republic of Macedonia (FYROM), in April. It has since been recognised by more than 30 countries.

Banks abroad are now willing to extend credit to Macedonian companies. Foreign exchange reserves have tripled this year, to \$130m, while the new Macedonian currency, the denar, has stabilised against the dollar and the D-Mark.

Discussions with the International Monetary Fund on a stand-by loan are to begin soon.

Even so, the talks in New York, to start once the Greek election is over, must make substantive progress if Macedonia is to start pulling its economy into shape, according to Mr Stevo Cervenkovski, foreign minister.

"It's important to get agreement quickly on some practical things. The Greeks are our natural trading partners, so economic co-operation is important. So is movement of people," the minister said.

Since the name dispute erupted, Greece has granted

very few entry visas to Macedonians.

In the old days, thousands of Macedonians used to head for the Aegean Sea, two hours' drive away, on a hot day. Now they are restricted to swimming in chilly Lake Ochrid.

The absence of both Macedonian and Serbian visitors is blamed for a steep decline in tourism to northern Greece, where the hoteliers' association recently appealed to the government for compensation.

However, Mr Cervenkovski is cautious about predicting a compromise on the name issue. Both sides rejected a proposal in June from Mr Cyrus Vance, the UN mediator, that Macedonia be recognised internationally as "Novamakedonija".

Both the Greek and Macedonian leaders will remain under pressure from their respective nationalist factions to make no concession over the name. But that would not affect the chances of reaching agreement on economic co-operation and confidence-building measures, according to officials in Skopje and Athens.

The Macedonians know that time is on their side. EC foreign ministers already talk about Macedonia, not FYROM. If the Greeks persist in being difficult, Macedonia may simply ask the UN general assembly to be recognised under that name.



FREED: Heinz Kessler (left) and Fritz Streletz received jail sentences yesterday but were let out pending appeal

Border deaths defendants guilty

THE case billed as Germany's most spectacular trial since the Nuremberg Tribunal wound up yesterday with three second-level East German officials convicted for killings at the Cold War border to the west, agencies report from Berlin.

But the cancer-stricken former communist leader, Mr Erich Honecker, 81, was in Chilean exile and his security chief, Mr Erich Mielke, 85, was in a prison hospital when the 10-month proceedings ended.

Former Prime Minister Willi Stoph, the third ailing member of the National Defence Council who prosecutors said had ordered border guards to shoot to kill, was living at home.

Of the remaining defendants, former Defence Minister Heinz Kessler was sentenced to seven and a half years in jail, his deputy, Fritz Streletz, to five and a half years and Suhl district Communist party leader Hans Albrecht to four and a half years. Mr Kessler and Mr

Streletz, who have spent 28 months in prison, were freed after the trial pending appeal. Mr Albrecht has been free on account of poor health. All had denied any wrongdoing.

As in the 1945-46 Nuremberg trial of Nazis, the court judged the leaders of a defunct state for human rights abuses according to a code that did not exist when the alleged crimes were committed.

The trial opened after earlier manslaughter convictions for

individual border guards sparked off charges that authorities were punishing only the "little fish". Mr Honecker, whom the court released in January because of his terminal liver cancer, was overthrown in 1989.

Prosecutors originally picked out 13 deaths from among hundreds of border killings for manslaughter charges against the six original defendants. This was later narrowed down to seven cases.

Treuhand offers jobs to striking miners

By Judy Dempsey in Berlin

THE Treuhand, the east German privatisation agency, is to offer jobs to hundreds of striking miners.

The miners have been on strike since April in protest at the Treuhand's decision to close loss-making potash mines in the state of Thuringia.

Mr Werner Bayreuther, a senior Treuhand official, said the agency was close to reaching agreement with the government of Thuringia in which 380 jobs would be created. The move represents a climbdown by the Treuhand and the state of Thuringia, and could set a precedent for industries earmarked for closure or substantial job cuts.

The miners have not yet responded to the proposal. The compromise follows a decision by the Treuhand to merge east Germany's Mitteldeutsche Kali and west Germany's Kali und Salz to reduce overcapacity in the potash industry.

The merger entailed closing down the Bischofsrode mine. However, the Treuhand had agreed to preserve the 700 jobs for the two years. But miners from the region opposed the merger and insisted that Bischofsrode be kept open.

Mr Bayreuther said 200 jobs would be kept to maintain the closed mine, retraining schemes would be offered to 80, and 100 jobs would be guaranteed through companies investing in the region.

Fears grow that socialist victory will mean a reversal of policy

Election delays Greek sell-off

By Kerin Hope in Athens

GREECE'S privatisation programme has ground to a halt ahead of next month's election, amid fears that if the socialists come to power it will be immediately abandoned.

The programme, which was expected to raise more than Dr400bn (\$1.72bn) by next spring, had started to pick up speed.

Despite fierce trade union resistance, legislation was passed during the summer permitting the partial privatisation of OTE, the state telecommunications monopoly, and the private operation of new

power plants. A senior Greek official said yesterday that it would be impossible to keep the privatisation procedure alive during the election campaign.

"Potential bidders are not interested because of the uncertainty," he said.

Senior privatisation officials have already submitted their resignations.

The sale of a 35 per cent stake in OTE to an international telecoms operator, due to go through at the end of the year, is now in doubt.

The socialist Pasok party, which is ahead in the opinion polls, has made opposition to

the sale an important election issue. The socialists are also against private power generation for all but small-scale projects to develop solar and wind energy resources.

The future of a \$1.5bn project to build a new airport for Athens, awarded last month to a German consortium led by Hochtief, also looks uncertain. At the very least, the start of construction will be delayed because the deal must be ratified by the incoming parliament.

However, the terms agreed by the government, which give the German partners a majority shareholding in a new com-

pany set up to build and manage the airport, would be subject to review if there was a change in government.

Socialist parliamentarians have already called for an investigation. They claim that there is a lack of transparency in the deal.

Procedures for the sale of two state-owned oil refineries, which are high on the government's list of priorities for disposal, have been frozen.

The bidding process for a series of casino licences, due to be awarded this year, is also on hold.

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Poster campaign prompts Aids furore

Charities attack Benetton

By Our Foreign Staff and Reuters

BENETTON, the Italian clothing company, came under fire from Aids welfare organisations in Europe yesterday for the images used in its latest advertising campaign, launched this week.

The French Association for the Fight against Aids said the photographs - which depict a human bottom, a male arm and a lower abdomen each stamped "HIV positive" in blue ink - evoked the Nazi practice of tattooing concentration camp inmates.

It said it had filed a civil complaint against Benetton in the French courts, demanding that it take down the posters

and that it pay unspecified damages.

The British charity Acet (Aids Care Education and Training) also demanded the withdrawal of the adverts, which have appeared in double-page colour spreads in UK newspapers and on the French metro system.

"The image of branding when it comes to HIV/Aids is one we have all worked hard to get away from to reduce the stigma of Aids," said Mr Maurice Adams, executive director of Acet.

"I hope these offensive images will be withdrawn. If they consider this working for charity, then this kind of help we can do without," he added.

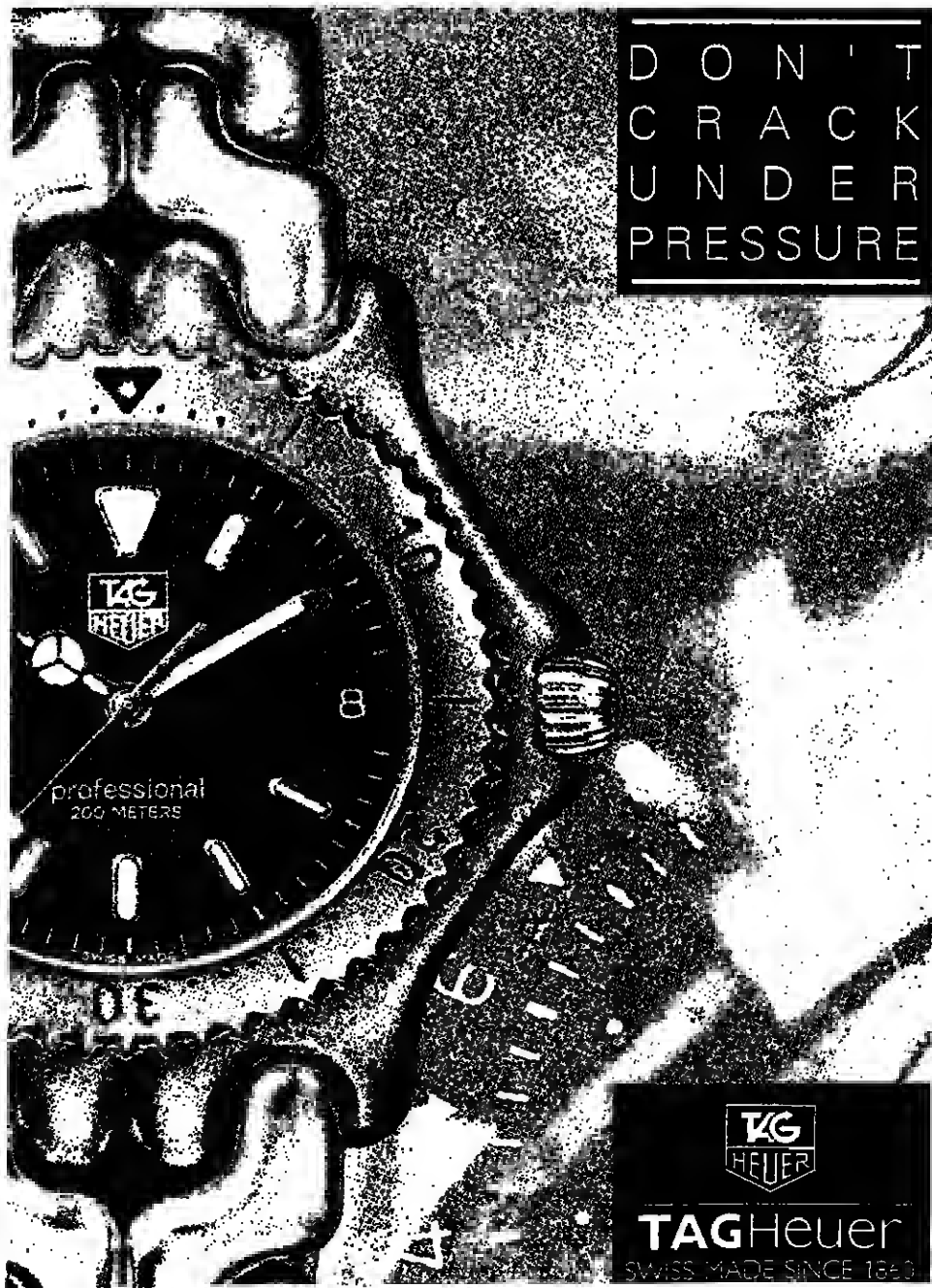
The Italian company is

known as much for its shocking advertising as its colourful knitwear.

The Terence Higgins Trust, the leading British Aids charity, would not comment on the photographs but welcomed the inclusion of the Aids national helpline number in the adverts.

Benetton, which has used photos of a newly-born baby, a man in a Christ-like pose moments before he died from Aids and a priest kissing a nun, defended the campaign.

The adverts "were metaphors for the more extensive branding practised throughout society towards those who are different," the company said in a statement from its Italian headquarters.



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NEWS: THE AMERICAS

Clinton takes popular road on health

By George Graham
in Washington

PRESIDENT Bill Clinton yesterday invited 21 of the 700,000 people who have written to the White House about US health care to come to Washington for a citizens' forum.

Thus Mr Clinton has set about putting his campaigning skills at the service of governing, ahead of what is likely to be the most complex challenge of his presidency, reform of the US health care system.

Returning to a skill he perfected during his election campaign last year, the president yesterday used personal stories to humanise some of the main themes of the reform plan he will present in detail next Wednesday.

The tales - of struggling to pay for a relative's care, of being unable to change job for fear of losing health insurance,

of being charged \$2,407 for a pair of crutches - were all fuel to his fire.

Opinion polls suggest the Clinton administration has been successful in convincing people that the system needs reform. In a Wall Street Journal/NBC poll, out yesterday, 78 per cent said that US health care was a big problem.

Less successful, however, has been the effort to persuade people that they would benefit by Mr Clinton's proposed reforms. Most people are still fairly bappy with their own health care and insurance coverage, and only 29 per cent in the poll thought they would be helped by Mr Clinton's plan. Even so, 55 per cent thought the country as a whole would be helped.

The White House's central message yesterday was the need to tackle insurance companies' reluctance to cover people who have suffered an ill-



Bill Clinton wants a better America: Were you charged \$2,407 for a pair of crutches? Tell the president

ness or who have sick children or parents. Coverage is refused on the grounds of a pre-existing condition. Mr Clinton said the pre-existing condition was now "part of the everyday vocabulary of most working men and women in this country. . . if you have it, you either can't get health insur-

ance or you can, never leave the job you're in."

But Mr Clinton also tackled head-on the issue likely to become one of the most controversial in his plan: the requirement that all businesses provide health insurance to their employees, paying at least 80 per cent of the costs. This man-

date is the principal difference between the Clinton reform plan and proposals outlined by the Republicans this week.

Mr Clinton said that employers who did not provide health insurance to their workers were getting a "free ride" by using a health care system paid for by those who did.

The president added: "I don't want to pretend that this is all going to be easy, but it seems to me that it is a fair thing to say everyone in America should make some contribution to his or her own health insurance, and all employers should make some contribution."

Ford agrees labour pact with union

By Martin Dickson
in New York

FORD Motor and the United Auto Workers union yesterday announced tentative agreement on a three-year labour contract in the US, paving the way for what may be tense contract negotiations between the union and troubled General Motors.

The UAW chose Ford as its first target in its contract negotiations with each of the big three Detroit motor manufacturers this autumn.

It will now try to impose the contract pattern reached with the target on the other two car manufacturers, Chrysler and GM. However, GM is struggling to stem losses in its US operations and has made clear it will be seeking substantial labour cost cuts.

The Ford agreement was reached after negotiations that ran almost 24 hours after the expiry on Tuesday night of the

old three-year contract. Company and union officials will not provide details until the pact is unveiled next Monday to local union leaders. However, it is believed to provide that workers hired in future will receive lower starting wages for a longer time, before reaching parity with veteran employees.

In many other respects the contract is similar to its predecessor, including its approach to the issues of health benefits, job security and restrictions on sub-contracting work to outside suppliers.

Mr Jack Hall, Ford's chief negotiator, said some elements of the agreement would help the company with health care. Wall Street, he added, would regard the pact as fine. Mr Owen Bieber, president of the UAW, added that job security provisions had been improved.

Negotiations with GM are unlikely to reach a delicate stage for several weeks.

Big debt means strong medicine for voters

Bernard Simon finds a sombre mood among politicians in Canada's election campaign

CANADA'S unemployment rate is stuck above 11 per cent so it is hardly surprising that job-creation is every politician's favourite issue in the campaign for the October 25 general election.

What is surprising is that, in a country accustomed to a much government molly-coddling, politicians on all sides are tempering their promises of new jobs with a dose of fiscal restraint.

The first ten days of the campaign have shown that, for all their concern at high unemployment, Canadians are aware of the constraints imposed by the towering debt amassed by the federal government and the ten provinces over the past two decades.

So, politicians are not only arguing about the type of jobs which should be created for the 1990s, but

also questioning the role of government in creating them. Spreading the sombre message that Canadians should expect less, rather than more, from their governments would have been a sure way to lose votes in years gone by. But, this time, it seems to be doing the opposite.

Both the ruling Progressive Conservatives and the opposition Liberals have set specific targets for cutting the C\$35.5bn (£18bn) federal budget deficit. They have promised to overhaul the country's generous but much-criticised social security and health care systems.

Ms Kim Campbell, the new prime minister, has vowed to eliminate the budget deficit without tax increases by 1998. She has yet to spell out, however, how the pain would be spread.

Ms Campbell opened her campaign

by cautioning that it might be several years before there was an appreciable dent in the jobless rate. In Toronto last week, she bluntly told unemployed construction workers that a Conservative government would not subsidise a new convention centre for the city. She said the jobs created by such make-work projects would last no more than a year or two, and do nothing for long-term competitiveness.

Despite her sombre message, Ms Campbell has dramatically revived her party's electoral fortunes.

The Tories had the support of only about one voter in five when Ms Campbell took over, as premier and party leader, from her unpopular predecessor, Mr Brian Mulroney, three months ago. However, according to an opinion poll in the Globe and Mail newspaper yesterday, the

Tories have edged ahead of the opposition Liberals, with the support of 36 per cent of decided voters, the Liberals having 33 per cent.

Next most popular, with 11 per cent, is the populist Reform Party, which has been waging an even more aggressive crusade against big government from its base in western Canada.

By contrast, the interventionist New Democratic Party faces the prospect of losing more than half its 43 seats in the House of Commons. According to the poll out yesterday, the NDP has only 8 per cent of the national vote, two percentage points less than the separatist Bloc Quebecois in Quebec.

In their policy platform, released this week, the Liberals were careful to avoid extravagant claims of Ot-

awa's ability to spur economic growth.

The Liberal plan, which was described by party leader Mr Jean Chrétien as "realistic, compassionate and fiscally responsible", pledges a net reduction in government programmes of C\$1.8bn over the next five years. Provided the economy accelerates, the Liberals aim to reduce the budget deficit from 5.2 per cent of gross domestic product to 3 per cent. They promise to create 50,000 new child-care places a year - but only if the economy has grown by at least 3 per cent in the previous year.

The Liberals aim to scrap the unpopular 7 per cent goods and services tax (GST) imposed by the Tories in 1991, but they acknowledge that it would be necessary to find the equivalent revenues elsewhere.

It's a fair bet that at least some of the promises of fiscal restraint will be forgotten once the election is over. The Tories have a miserable record over the past nine years of sticking to their budget projections, and economists doubt their ability to bring the deficit down to zero by 1998.

Also, no-one would be surprised if the Liberals were to keep the GST, and fail to meet their own deficit-cutting targets.

Even so, the emphasis on jobs and deficits means that, whichever party wins the election, Canadians and their governments are likely to be pre-occupied with domestic issues over the next few years. Many Canadians yearn for a bigger role on the international stage but the new government will have its hands full on the home front.

Agriculture reforms for Cuba

THE Cuban government has announced farm reforms to reduce state control over agriculture. AP reports from Mexico City.

In the Communist Party daily Granma, the government said it would set up co-operatives on state land and allowing farmers to share in their profits.

The move is the latest in a series of retreats from hardline socialist policy in Cuba, whose economy has shrunk by half since 1989, due to the loss of its socialist backers.

The country's Catholic bishops, meanwhile, challenged the government to introduce political as well as economic reforms in the bluntest church criticism in decades of President Fidel Castro's regime.

NEWS: WORLD TRADE

EC misses out on Asian boom in investment

By Frances Williams
in Geneva

EUROPEAN companies are missing opportunities in the global investment boom in high-growth developing countries, according to a new report by the European Round Table, a club of 40 top industrialists.

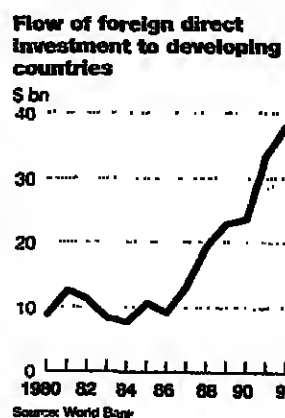
The report shows that the share of EC companies in foreign direct investment in developing Asia, where the market is growing by 6.5 per cent annually, slipped from about 15 per cent in the mid-1990s to 12 per cent by the end of the decade.

In Latin America, which is expanding by 4 per cent a year, the EC share dropped from 24 to 20 per cent over the same period. In Africa, with a market a sixth the size of Asia's and growing at half the pace, the European share has jumped from 17 to 40 per cent.

Japan is now the biggest foreign investor in developing countries, with a third of total overseas investment of nearly \$40bn (£25.90bn) last year.

By implanting their industry in fast-growing economies, the Japanese are building a strategic competitive position.

The European Round Table - which includes the chief executives of such companies as Nestlé, Unilever and Daimler-Benz - argues that foreign direct investment brings benefits to both sides. FDI accounts for just 3 per cent of total investment in developing countries but it has, the report claims, bigger effects on output,



jobs and productivity. Developing countries are increasingly competing for foreign direct investment by deregulating and liberalising their economies, the report says, though it urges further moves in this direction.

The round table adds its voice to calls for a Gatt for investment, a global agreement that would provide for transparency (clear rules and procedures), for rights of establishment by foreign companies and for parity of treatment with domestic companies (national treatment, in Gatt parlance).

Industrialists also favour rules binding on international corporations - for example, in policy conflicts between home and host governments. European Industry: A partner of the developing world, from European Round Table, rue Guinard 15, 1040 Brussels; telephone: 32 2 511 5800; fax: 32 2 511 6377.

Russians seek EC link

RUSSIA'S national machine tool association is seeking to strengthen its ties with the west by joining Cecimo, the Brussels-based umbrella body for the twelve main producing countries of western Europe, reports Andrew Baxter.

If Russia's application is accepted, it would be the first former communist country to join Cecimo and would help

Russia's 300 machine tool factories develop co-operation agreements and joint ventures with western Europe.

The campaign to join is being led by Mr Nikolai Panichev, a former Soviet minister for machine tools, who was recently chosen by the Russian producers to be president of their privately owned national association.

Battle for hearts and minds over Nafta

Nancy Dunne reports on guerrilla tactics versus White House pomp and press machine

GUERRILLA tactics by Greenpeace were swamped by the White House pomp in which Mr Clinton and three past US presidents this week endorsed the North American Free Trade Agreement.

But the environmental activists, who momentarily disrupted a House hearing to unfurl a 15 foot anti-Nafta banner, saw their stunt repeated again and again on evening news shows.

With dozens of similar exploits and clever strategic planning, grassroots organisations have succeeded in fanning anti-Nafta sentiment into widespread public hostility against the pact with Canada and Mexico. A new Wall Street Journal poll, found opposition, at 36 per cent, had reached its highest level yet with only 25 per cent of those polled in favour of Nafta.

The continued economic sluggishness and the drumbeat of corporate layoff announcements have hurt the pact's chances and presented the administration with a formidable challenge. Fifty per cent of the Americans polled disagreed with the administration's argument that more jobs will be created than lost and 54 per cent said that wages would be forced downward so that US companies and workers could compete with Mexico.

Pro-Nafta congressmen and



KEY AMERICANS ON NAFTA: Al Gore (for it), Richard Gephardt (against it), Jimmy Carter (bashing Perot)

senators have been morosely admitting the opposition's success in framing the debate against Nafta as a pact which would cost jobs.

But they took heart from Tuesday's presidential show: President Clinton's passionate insistence that the realities of the global marketplace be faced. President Carter's attack on Mr Ross Perot, the populist billionaire, as a demagogue with "unlimited financial resources"; President Bush's praise of Mexican President Carlos Salinas; President

Ford's warning that the country would be overrun by impoverished immigrants from the South if they are given no work at home.

"It was a revival," said Texas Congressman J.J. Pickle. "I think Nafta was born again." To keep the pro-Nafta case before the public, President Clinton Wednesday took off for New Orleans and top officials in his administration fanned out on speaking tours across the country. Government agencies have been mobilised for the battle, given pro-Nafta lit-

erature and instructed to boost the pact in seminars and public forums.

Congressional committees have begun to examine the details in preparation for writing its implementing legislation, now expected on the Hill in November. It is believed this process may satisfy some of the Congressional doubters, who are demanding a "level playing field" and a speedup of Mexican tariff reductions. Pro and anti-Nafta forces are keeping the fax lines burning. A Greenpeace release warned

that two decades of work on environmental protection would be undermined if the pact is approved.

In response to similar charges by hundreds of grassroots environmental, citizen and labour groups, Vice President Al Gore, Senator Max Baucus and other lawmakers accompanied by six leaders of the largest national environmental groups who helped negotiate the environmental side pact, held a briefing to praise Nafta's environmental

safeguards. Seemingly unfazed by the Administration's Nafta's new show of life, the Citizens Trade Campaign, one of the umbrella opposition groups, called a press conference to "debunk" the Clinton Administration claim Nafta would create 200,000 jobs in the next five years.

Unmindful of a television camera, its leaders plotted new strategies: anti-Nafta resolution in 25 state legislatures; a letter writing campaign and more.

Notable by his absence from the fray has been Mr Richard Gephardt, the House Majority Leader, who is said to be close to moving from tentative to committed opposition. He will join forces with Congressman David Bonior, the majority whip, and three of Mr Bonior's lieutenants, leaving the House Speaker, Tom Foley, nearly alone on the defence, among the leadership.

"I do not think we have articulated well the supporters of Nafta - the very positive and energetic reasons that can be offered for supporting this," Mr Foley acknowledged. Without Nafta, the US relationship with Mexico could "deteriorate," and "much of what people are worried about will happen, perhaps more speedily without Nafta than with it."

Treuhand looks east with expertise

By Judy Dempsey in Berlin

THE TREUHAND, the agency charged with privatising and restructuring east German industry, will be giving itself a new lease of life when it winds up its main operations in Berlin next year.

The Treuhand is expanding eastwards, in the former Soviet Union and the Baltic states. "We want to pass on our know-how and experience of privatisation to these countries," said Mr Klaus Müller, director of Treuhand Osteuropa Beratungsgesellschaft (TOB), a consultancy arm of the Treuhand.

TOB seems determined to compete, or co-operate, with other bodies - including the European Bank for Reconstruction and Development, and the European Investment Bank - active in eastern Europe and the former Soviet Union.

However, it may seem surprising that the Treuhand would be welcomed in these countries. Its shock privatisation programme in eastern Germany has been aimed at a radical restructuring of large enterprises resulting in massive unemployment.

"The unemployment factor is not an issue. Officials from eastern Europe and the Baltic states approached us in the first place," said Mr Müller. "They reckoned with our experience of quickly breaking down the giant Kombinate (east Germany's large enterprises), as well as preparing

these plants for privatisation; they could learn from us."

With a small budget of DM30m (£12.1m) from the federal finance ministry, to which it is answerable, TOB has set up in Berlin a small unit of 40 specialists, and has already placed 70 consultants throughout eastern Europe, the former Soviet Union and the Baltic states. It is the principal advisor on privatisation to the Estonian government.

But, in a region inundated with advisors and consultants on privatisation since the collapse of the Berlin Wall nearly three years ago, is there room for TOB?

An Estonian diplomat has a clear view: "Look, whatever the mess the eastern German

economy is in at the moment, we know that Germany will make it with unification because they will try and develop a *mittelstand* [small and medium-sized companies]. We want TOB to teach us how to do that."

Berliner Kraft und Licht, Berlin's main utility company, is set to gain a foothold in Russia's electricity industry after an agreement to advise the Russian Federation on restructuring its energy sector.

Over the next five years, Bewag, as the company is known, will advise Mosenergo, the oldest and largest of Russia's utilities, on upgrading and modernising its 22 power-generation plants which have a total capacity of 14,000MW.

Italian exports to China set to double

By Robert Graham in Rome

ITALIAN exports to China this year are expected to nearly double and top £4,000bn (£1.7bn), according to Mr Paolo Baratta, Italian trade minister. Seven contracts totalling \$470m (£303m) were signed yesterday with Italian companies.

The contracts were signed in the presence of Ms Wu Yi, Chinese foreign trade minister, at the end of a visit to Italy.

The contracts ranged from Snamprogetti building a fertiliser plant at Dongfang in Hainan province to Danielli constructing a specialised steel

plant for Laiton Iron and Steel in Shandong province, financed by the Asian Development Bank.

In the first seven months of this year, Italian exports to China reached £1,288bn, compared to £1,842bn for the whole of 1992. Italy is now the second largest European exporter to China after Germany.

Mr Baratta said Italy's share of Chinese exports was set to rise this year from 2.1 per cent to nearly 3 per cent. Much of the Italian export drive is concentrated in the machine tools and engineering goods sectors, especially textile machinery.

LOCALISING THE MULTINATIONAL

'Globalisation' Holds the Key

The sudden jump in the yen's exchange value has caused problems for most major Japanese manufacturers. For diversified heavy equipment and electronics maker Hitachi, Ltd. however, these difficulties are providing the momentum for expanding its global manufacturing and marketing base. Hitachi president Tsutomu Kanai explains.



Mr. Tsutomu Kanai, President, Hitachi, Ltd.

By Russell McCulloch

McCulloch: The chief concern of most major Japanese manufacturing companies at present is the recent rise in the yen's value. Do you share this concern?

Kanai: I have to agree that the yen's recent appreciation against the US dollar and other major currencies is having a strong impact on Hitachi's business. Of course, we can take a long-term view and say that a strong currency is a reflection of the fundamental strength of the Japanese economy and Japanese business and, as such, should be welcomed.

But on the other hand, manufacturers such as Hitachi have no effective way to cope with short-term increases in currency values. The yen has risen about 20 per cent in value against the dollar during the past six months. Rises of this speed and magnitude can turn a profitable export business into an unprofitable one in a short period and make it nearly impossible to formulate long-term investment plans either at home or overseas.

McCulloch: How is Hitachi adjusting to this situation?

Kanai: Obviously, a strong yen means that we earn less in our currency for products exported from Japan that are sold in dollars or other currencies. We can offset this by raising the price of those products where we enjoy a leading market position. For example, in the manufacture of 16-megabit DRAMs, in Thin Film Transistor (TFT) liquid crystal displays, and in large size high-resolution display screens, Hitachi has a strong market presence and price increases can compensate.

But raising prices is not the preferred option. This causes difficulties for our foreign customers and, in any case, can only be applied to a comparatively narrow spread of our products and services. Instead, we are attempting to make the strong currency work to our advantage by sourcing more components outside of Japan and by raising the portion of overseas production in our total sales.

McCulloch: Can you give some examples?

Kanai: In our efforts to source more components and raw materials outside of Japan, Hitachi recently established an "Asia Procurement Promotion Centre" whose task is to locate suppliers of parts in countries such as Singapore and Hong Kong that can provide our manufacturing operations—both inside and outside of Japan—with components.

'Procurement Promotion Centre' Established

However, international procurement does not simply mean shopping: quite often the component manufacturers must be shown how to redesign their parts to meet our specific needs and how to improve quality to meet Hitachi's high standards. It is the task of this Centre to also provide technical support to those suppliers to help them meet our requirements.

With regard to raising the overseas portion of our business, we have been working towards this goal for many years. Don't forget that the latest increase in the yen's value followed an earlier and much more drastic appreciation between 1985 and 1988 and in many respects the strategy we adopted to cope with that situation is just as appropriate today.

During that period when the yen rose in value from around 200 yen=US\$1 to around 120 yen=US\$1, Hitachi's overseas production doubled in five years, to a value of 600,000 million yen and has come to account for 8 per cent of total sales.

The gradual shift to overseas production has also made us less export-oriented. At the peak in 1984, exports accounted for some 37 per cent of Hitachi's non-consolidated sales but now this portion has fallen to around 21 per cent. On the other hand, as I said earlier, overseas production now accounts for 8 per cent of total consolidated sales. In other words, about one-third of our overseas business is overseas production. This represents a major shift in focus over the last decade.

McCulloch: Have you set targets for the ratio of domestic-to-foreign production in overseas sales?

Kanai: Our hope is that within the portion of overseas business, off-shore production and exports from Japan will be roughly equal. It is clear, in the area of audio-visual equipment and appliances for example, that continuing to manufacture in Japan is not competitive, and over recent years we have shifted production of some of these consumer items to our plants in Singapore and Malaysia. We have also established companies in Indonesia to make consumer appliances and in China to manufacture compressors for air-conditioners.

New Compressor Venture Launched

Last August, we announced a plan to establish a new company in Thailand, called Hitachi Compressor (Thailand) Ltd., and build a new plant near Ayutthaya north of Bangkok to manufacture compressors for refrigerators. We expect that the new plant will be commissioned by April 1995. At present, these compressors are only manufactured at our plant in Tochigi Prefecture north of Tokyo.

But you must remember that raising the level of off-shore production has two sides. We must also consider the position of our employees and plants in Japan. It is important that we restructure our domestic operations—for example, to shift production to more higher value-added and technically sophisticated products—in tandem with raising off-shore output. Restructuring in this manner cannot be achieved quickly, but we are determined to realise our goal as soon as possible.

McCulloch: What you are saying is that Hitachi must become a more

globally-oriented company if it is to continue to expand.

Kanai: Precisely. These overseas subsidiaries are not merely production bases but are enterprises operating with a high degree of independence. In other words, we encourage them to become involved not only in manufacturing but in design, sales and research and development. For example in the US, a portion of the ICs marketed by Hitachi America, Ltd. are produced locally by Hitachi Semiconductor (America) Inc. And, in the future, a number of these ICs will be designed locally by Hitachi Micro Systems Inc.

Hitachi is also actively entering partnerships with foreign manufacturers to strengthen international ties in production and sales. For example, earlier this year we reached an "original equipment manufacturer" (OEM) agreement with IBM to market three types of personal computers in Japan.

OEM Agreements Reached

On the other hand, we are also supplying mainframe computers to Germany's Compalex and Italy's Olivetti on an OEM basis and have licensed our 1-megabit and 4-megabit DRAM technology to Goldstar Electron of Korea.

If our plans to internationalise Hitachi's operations through global partnerships work out, the number of different markets in which we are seen to do business as insiders will grow larger and larger. This will make us truly a

global corporation and this is what I am looking forward to.

McCulloch: Does R&D have a place in Hitachi's "globalisation" programme or will this continue to be concentrated in Japan?

Kanai: I believe that foreign input in our R&D programmes is not only desirable but crucial. As you know, since 1989 Hitachi has established seven overseas R&D bases including Dublin, Düsseldorf and Milan and these are helping to greatly further our level of basic research. These have been responsible for some remarkable technological breakthroughs such as the development of a single-electron memory device which we developed jointly with Cambridge University.

But while we cannot expect the commercial application of these devices to be possible before the end of the decade, some results of our international collaborative R&D efforts are already being seen.

International Input in Basic R&D Crucial

For example, since 1991 we have been working with Hewlett-Packard (U.K.) to develop an artificial intelligence software program—called Object IQ—for use in computer workstations. This program, which makes it possible to apply the powers of human intelligence via computer, was first incorporated in Hitachi's 3050 series workstations in 1991 and in May last year in the HP RISC 9000 series. In

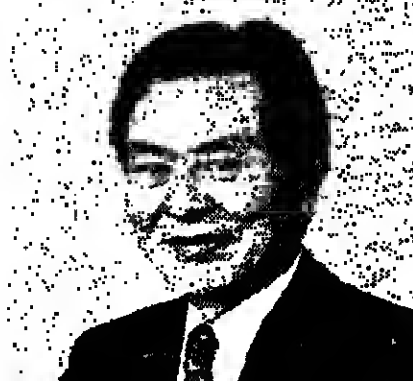
March this year, we received an order for about 5,000 of these software packages from Belgium's Kredietbank, which will use the software to develop a fund investment system.

McCulloch: "Globalisation" today also involves consideration of the global environment. What are Hitachi's policies regarding environmental protection and resource conservation?

Kanai: Among Japanese manufacturing corporations I believe that Hitachi is one of the most active in the area of environmental protection. Back in 1991 we established the Global Resource, Environment & Energy System Centre—the GREEN Centre—to conduct research into environmental preservation technologies. In December 1991 the US Environmental Protection Agency awarded Hitachi with the EPA Stratospheric Ozone Protection Award for our contribution to protecting the ozone layer.

Our environmental protection policy is two-pronged. One is to ensure that our manufacturing processes do not harm the environment. The other is to ensure that our products themselves do not damage the environment, and in both categories Hitachi is working hard to achieve these objectives. For example, by the end of this year we will have eliminated the use of CFCs as a cleaning agent in our semiconductor plants. The compressors made at our new plant in Thailand will comply with the Montreal Protocol, the international agreement to end the use of CFCs in cooling systems by the end of 1995.

'Localisation' brings success in Europe



Mr. Akira Koizumi, Managing Director, Hitachi Europe Ltd., Director, Hitachi Ltd.

To succeed on a global scale, a corporation must grow strong business offshoots, worldwide, and I believe it will prove difficult to find better examples than Hitachi's span of operations in the UK and on the Continent. These are truly European businesses with all the principal functions of product design, production and marketing undertaken locally.

Hand in hand with our aim to provide a "total" European solution which meets our customers' requirements based on the needs of the local markets, we are also buying high-quality European materials and products for use in Europe, Japan and elsewhere. This high degree of "localisation" effectively dispels any sugges-

tion that we exist to sell products designed and developed in Japan.

The breadth of Hitachi's investment and activity is the true measure of our commitment to Europe and includes a semiconductor plant near Munich in Germany, a consumer products factory at Hirwaun in Wales and a computer products plant near Orleans in France. We are also engaged in the production of air conditioning equipment near Barcelona in Spain. European staff make up more than 95 per cent of the workforce in Hitachi's direct subsidiary operations throughout Europe.

But that's not the complete picture: The aforementioned operations together with our other factories, laboratories and offices throughout Europe are complemented by a deep involvement in local community affairs and it would be difficult to overstate the importance we place on providing help and support for worthwhile causes in a variety of ways.

While it is true that the appreciation of the Japanese yen and the paramount need to make our products competitive led us to invest heavily in Europe, our goal has always been more than simply market share. The main objective is to improve the quality of our business operations and to make a tangible contribution to the future needs of customers and the

communities we serve.

R&D will always remain the bedrock of our success. Here at Hitachi Europe Ltd., for example, not only are we investing in collaborative research, but more importantly, we are ensuring that discoveries made by European researchers remain the intellectual property of Europe.

We have already achieved some stunning breakthroughs: In collaboration with the Cavendish Laboratory at Cambridge University, we have demonstrated the world's first "Single Electron Memory" in the order of 64Gb or 1Tb DRAM. This paves the way for enormously large-capacity, high-speed semiconductor memory which will make possible a desktop or even palm-held computer able to provide high-quality, 3-D dynamic graphics, or for that matter, even virtual reality. This breakthrough should take the semiconductor industry into the 21st Century.

Working with Trinity College, Dublin, we have developed an artificial retina that can recognise moving or partly-obscured objects that will, for instance, enable a fruit picking robot to recognise fruit that is partly hidden by leaves.

While Hitachi's place is at the heart of the communities it serves, we are already at the frontiers of tomorrow's world.

HITACHI

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NEWS: INTERNATIONAL

PLO to set up Palestinian police force

First fruits of peace agreement appear

By Mark Nicholson in Washington and Roger Matthews in London

THE first fruits of the agreement signed this week between Israel and the Palestine Liberation Organisation began to emerge yesterday.

Mr Yasser Arafat, the PLO chairman, flew to Egypt for talks on setting up a Palestinian police force, an Israeli team made plans to visit Tunis for talks on refugees, and the US confirmed that it would release \$30m in security assistance to Jordan which it had blocked since the Gulf war.

The establishment of Palestinian police units to take responsibility for security in the Gaza Strip and in Jericho after the first stage of Israeli troop redeployment is one of the main priorities for the PLO.

Mr Yitzhak Rabin, Israel's prime minister, stressed on Tuesday that he would judge the PLO commitment to peace on its ability to end violence in the occupied territories.

The PLO is expected to hold talks with Hamas, its main rival in the territories which has opposed the peace process, in Yemen later this month.

There has been no indication yet from Hamas leaders they are prepared to halt attacks on Israeli forces in the West Bank and Gaza, even after the troops have withdrawn from the main areas of population.

Mr Arafat said after talks in Alexandria yesterday with President Hosni Mubarak that

he was grateful for Egyptian assistance in training a police force and other professionals. He also described Egypt as the principal architect of the plan to introduce limited Palestinian autonomy first to Gaza and Jericho, asserting that Mr Mubarak had first put the idea to Mr Rabin when the two men met in April.

"It would be unjust to say that Egypt played a role. Egypt was more than a participant in what we achieved. It was a complete and full partner," said Mr Arafat. His statement followed criticism in Cairo newspapers that Mr Arafat had not mentioned Egypt's role during his speech at the White House on Monday.

Mr Amr Musa, the Egyptian foreign minister, said the talks had also focused on convening committees to flesh out the peace pact and arrangements to be taken before the actual transfer of authority from Israelis to Palestinians.

"We discussed certain steps such as negotiations on the withdrawal of Israeli forces from Jericho and Gaza, the committees that will prepare for elections there, and the arrangements and co-ordination with Egypt and Jordan concerning the return of displaced people and matters pertaining to the established administration," he added.

In Amman yesterday officials expressed their satisfaction at the US decision to release the \$30m in blocked aid. The released funds comprise \$15m in economic support, \$9m in military aid, \$500,000 for military training and the remaining \$5.5m



Palestinian policemen in training yesterday. They hold the key to whether the PLO can end violence in Gaza and the West Bank.

for general projects. The decision also reflected US satisfaction at Jordan's improved participation in the imposition of sanctions against the Iraqi regime of President Saddam Hussein.

US officials said yesterday they were examining other ways of pushing forward the process, including convening a meeting of potential donors to back the Israel-PLO accord.

The State Department on

Wednesday hosted a day-long meeting with senior officials from the White House, National Security Council and US Agency for International Development to discuss a possible aid summit.

President Bill Clinton also made a 40-minute telephone call to President Hafez al-Assad of Syria to assure him of US support for an eventual Israel-Syria deal. He also urged Mr Assad to rein in "rejectionist" Palestinian opposition to

the PLO-Israeli accord. At least 10 rejectionist groups are based in Damascus.

Israel confirmed yesterday that it was sending officials to Tunis for talks on Palestinian refugees. The visit is intended primarily to prepare for next month's multilateral round of talks on refugee issues which were scheduled to run in parallel with main bilateral peace talks in Washington.

Jordan also yesterday began asking Palestinians living in

the country illegally to register with the police. The measure appeared to apply to residents of the West Bank and Gaza who came to Jordan on temporary visits. Most of them have Jordanian passports but are limited to one-month stays in the kingdom.

"This is only a routine measure to allow them to rectify (the status of) their stay," said a Jordanian official. "We will not take any action against anyone."

De Klerk tries for special deal with Buthelezi

By Patti Waldmeir in Johannesburg

THE South African government was last night struggling to persuade Chief Mangosuthu Buthelezi, leader of the mainly Zulu Inkatha Freedom Party, to return to constitutional negotiations after a three-month absence.

President F.W. de Klerk and most of his cabinet met Chief Buthelezi and senior officials of Inkatha and the KwaZulu black homeland whose government Chief Buthelezi leads.

Government officials said they would offer the Inkatha leader special powers for Natal province, his political base, including control of an autonomous police force as well as possibly a limited military force or home guard. Natal may be allowed to adopt its own regional constitution before national elections next year, though this document would have to conform to the national constitution now under debate in multi-party democracy talks.

Government officials believe it is essential that Chief Buthelezi accept the constitutional

deal which will eventually emerge from these talks. This could be achieved without his party returning to the multi-party table. The Inkatha leader has recently returned from Germany and the UK where he came under heavy pressure to moderate his demand for autonomy in Natal.

Officials played down expectations of a breakthrough at last night's talks, but said they hoped to lay the basis for an eventual deal.

Meanwhile an official of the African National Congress said the ANC president, Mr Nelson Mandela, would ask the United Nations to remove sanctions against South Africa when he addresses the General Assembly next week.

Mr Stanley Mabilezi said Mr Mandela would call for the repeal of all remaining sanctions except those against arms sales. Previously, ANC officials had insisted that the international oil embargo must also remain.

Parliament yesterday began debate on the first of four transition laws that will give blacks a share of power for the first time.

Strong growth in Nigeria forecast

By Michael Holman in London

A BULLISH appraisal of Nigeria's prospects by a leading research firm forecasts steady economic growth, rising oil output and a return to civilian rule next year.

A report published today by the Economist Intelligence Unit (EIU) predicts that Nigeria's oil production will rise from about 2m barrels per day now to 2.5m by the end of the decade.

Annual real GDP growth will stay above 4.5 per cent over the same period, the London-based research firm forecasts.

The study expects the military-backed interim administration, which took office last month following the annulment of the June presidential poll, to fulfil its pledge to hold fresh elections next year and hand over to a civilian government.

"Short-term volatility should not cloud what is a fundamentally optimistic prognosis in the long-term, with the establishment of a stable government committed to an open economy," says the report.

The next administration will have little room for manoeuvre in its economic policy, it argues, and will be obliged to implement lapses economic reforms and enforce "disciplined and transparent management of the public finances".

Nigeria "desperately" needs to reschedule its external debt, which by end-1992 was \$29bn, calculates the EIU study, with service payments "roughly one third of all foreign currency earnings." But rescheduling will not take place, the report continues, "until the government demonstrates its intention to adhere to an adjustment programme" which wins International Monetary Fund approval.

One essential condition, says the report, is the removal of the subsidy on domestic fuel which accounted for more than half the federal government's recurrent expenditure in 1992.

Nigeria 2000: After the Generals? £215/\$350 Economist Intelligence Unit, 40 Duke Street, London W1A 1DW. Tel: 071 830 3000 Fax 071 491 2107

NEWS IN BRIEF

Britain to hold talks with Iran

BRITAIN is sending a senior diplomat to Tehran to discuss the dispute over author Salman Rushdie and other issues, Reuter reports from London.

The foreign office said Sir Michael Burton, assistant undersecretary for the Middle East, would go to Iran today.

Iranian Foreign Minister Ali Akbar Velayati said last month that Tehran and London were holding talks to upgrade diplomatic relations, currently at the chargé d'affaires level but a British official cautioned against expecting any breakthrough.

Franc denial

The governor of the Central Bank of Central African States (BEAC) yesterday denied reports that his bank would no longer accept CFA franc notes issued by its West African equivalent, Reuter reports from Yaounde.

Both banks decided at the beginning of August to ban the export of CFA notes and stop buying them back from banks outside the zone, in a bid to halt massive capital flight from franc zone countries.

Second vote

Moroccans vote again today to elect 111 members of parliament after an earlier vote for the other 222 members failed to produce a majority for any party, Reuter reports from Rabat.

The indirect vote will select one third of the Chamber of Representatives which is due to meet for the first time next month for a six-year mandate.

Taiwan eases monetary stance

By Dennis Engbarth in Taipei

TAIWAN'S central bank has lowered the reserve to deposit ratio in a move to lower interest rates and spur the economy without reigniting inflation.

The central bank lowered the reserve against deposit ratio for current and savings accounts by a full percentage point and the ratios for deposits by 0.75 percentage points. This effectively lowers the cost of capital for the island's financial institutions, particularly for private sector banks.

It is the latest step in an expansionary credit policy and economic revitalisation announced by the government in July. Professor Hua Ming-shu of the banking department of Taipei's National Chengchi University said single-digit growth in money supply since the beginning of 1993 illus-

trated the lack of vitality in the island's economy.

Official growth forecasts have been reduced from 7 per cent to 6.1 per cent this month. High lending rates have been important in discouraging local investors, says Mr Hua.

The central bank began efforts to encourage local banks to reduce rates on July 30 by lowering the interest rate for secured finance from 8.25 per cent to 6.125 per cent. The bank also released NT\$10bn in savings funds each month to push down lending rates. But local banks followed with only minor cuts.

Earlier this month, central bank officials asked the three major state-owned commercial banks - the Hua Nan Commercial Bank, the Chang Hwa Commercial Bank and the First Commercial Bank - to cut lending rates.

UN imposes sanctions on Angolan rebels

By Michael Littlejohns in New York

THE United Nations Security Council yesterday imposed an arms and oil embargo on the Angolan rebel movement, Unita, for its refusal to abide by the terms of a collapsed 1991 peace agreement.

But it delayed the application of the largely symbolic embargo for 10 days to see if fresh peace talks can be convened in the meantime.

The council threatened further sanctions if civil war between Unita, led by Dr Jonas Savimbi, and Angolan government forces has not ended by November 1. These could include a trade ban and travel restrictions.

The interim measure is expected to have limited effect because Unita has large stores of armaments and Angola produces oil in Cabinda. But the UN action could deter countries like neighbouring Zaïre from supporting Dr Savimbi.

Mr Boutros Boutros Ghali, the UN secretary-general, estimates that more than 1,000 Angolans are dying daily in the war or from its effects, the largest death toll in any current conflict.

Mr Venancio de Moura, the Angolan foreign minister, told the security council that the situation in Cuito, which has been under siege for eight months, was so desperate that people were eating human flesh to survive. He accused

Units of "horrendous massacres" and urged the council to impose mandatory sanctions to force the rebels into negotiations.

Dr Savimbi submitted peace proposals last Monday that would establish a ceasefire beginning in a week, but his forces continue to shell Cuito. They are estimated to control all but one-fifth of the country.

The UN arranged and monitored elections last year which it hoped would establish a popular government and end the carnage. But Dr Savimbi rejected the outcome which gave victory to President José Eduardo dos Santos's MPLA party, alleging widespread fraud.



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Hosakawa's first economic package fails to excite

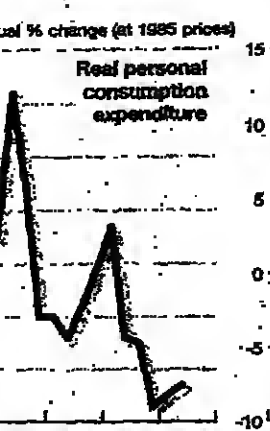
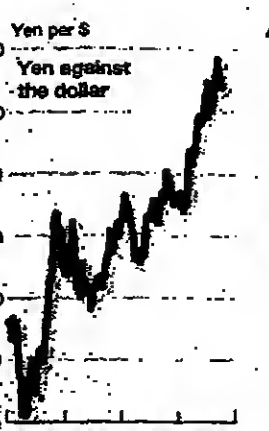
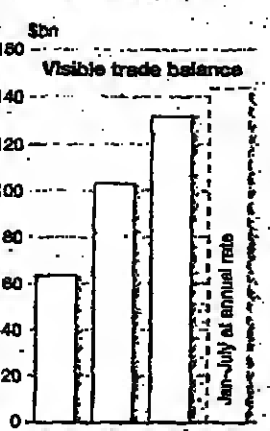
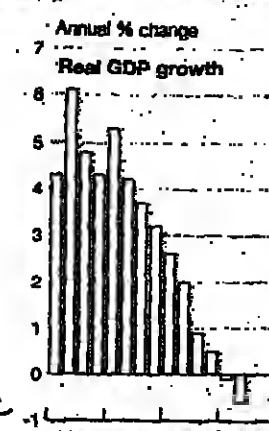
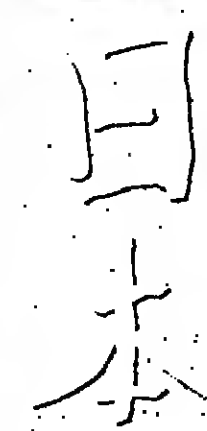
William Dawkins examines Japan's Y6,150bn stimulatory plan and what it is likely to achieve

Japan's economy: on the brink of recession

BOTH IN size and scope, the first important economic initiative of the new Japanese government headed by Mr Morihiro Hosokawa failed yesterday to excite. Even the prime minister could describe the package, a confusing mixture of short-term pump priming and long-term reform to Japan's economic structure, only as the best that could be expected at the time.

At Y6,150bn (£37.3bn) the package is dwarfed by the previous two stimulatory initiatives - Y13,600bn was allocated in April and Y10,700bn laid out in August last year. Government officials argued that it is deliberately small. For a start, 90 per cent of the previous package remains to be spent, according to Mr Hirohisa Fujii, finance minister. The bulk of this would be spent only in the second half of this year, senior officials added. On top of this, it is the first such package to include policy changes, with its proposals for 94 steps to deregulate the economy and plans to pass some of the benefits of the yen's rise to consumers.

The stock market was not



convinced and slipped 2.1 per cent ahead of the evening announcement, as details slipped out during the day.

A chorus of business leaders appeared on television just after the announcement, complaining that Mr Hosokawa had not seen fit to respond to their demands to cut income tax and that the Bank of Japan had not reduced official interest rates. Instead, the package

promises a review of the tax system, to be carried out by a government panel due to report by mid-April. The markets still think the central bank will cut its discount rate some time this month, though it is being cautious because it wants to see more companies get rid of surplus capacity before encouraging a further drop in borrowing costs.

Private sector economic ana-

lysts estimated that the package includes between Y1,000bn and Y3,000bn of genuinely new spending, with the rest coming from existing government budgets or being shifted from one sector to another. "It is just not enough," said Mr Tom Hill, strategist at S G Warburg Securities in Tokyo.

Mr James Vestal, chief economist at Barclays de Zoete Wedd in Tokyo, adds: "Every-

one should have known it was going to be disappointing. The politics are so complicated, there was never more than a one in three chance that Mr Hosokawa would have come out with something ambitious."

The government's Economic Planning Agency, often criticised for erring on the optimistic side, forecast yesterday that the package would add 1.3 per-

centage points to gross national product over the next 12 months.

So which bits of the Hosokawa plan will have most effect?

Most of the 94 deregulation proposals, which include and enlarge on the 80 deregulation measures announced by Mr Hosokawa two weeks ago, may harm some sectors in the short term, but bring important ben-

efits in the long term, say analysts. A few promise instant relief, like a plan to deregulate part of the bond market, which should give companies easier access to funds.

The most radical of the proposals to bring the rewards of the strong yen to consumers, is for the government to publish a monthly list of the import cost prices of basic goods, to exert moral pressure on high-

priced retailers to trim their profit margins. The government also plans to urge importers to drop their prices, which will prove an interesting test of Japan's tradition of administrative guidance to industry.

On spending, the package takes a similar approach to the previous economic stimulus plans, in that it seeks to improve Japan's creaking and heavily loaded public infrastructure. However, it does have more focus than previous plans on improving the quality of individuals' lives, with proposals for example to build parks, museums, and build slopes for wheelchair users.

Cash is also being set aside for loans to small businesses, which complain of a credit squeeze, for tax incentives on machinery purchases and to enlarge government subsidies to companies in order to keep surplus workers on the payroll.

It is, however, small beer. S G Warburg's Mr Hill estimates that the Y10bn increase in employment subsidy will cover a mere 5,000 workers. Meanwhile, few Japanese companies are likely to make much use of tax incentives for new equipment, since most are trying to follow the central bank's advice and slim capacity rather than increase it.

Robert Thomson looks at the power exerted by Tokyo's ministries

'The yen are too few, the ideas too old'

WHEN Mr Ryutaro Hashimoto, chairman of the opposition Liberal Democratic party's policy research council, was questioned after the announcement of the package, he suggested that the yen were too few and most of the ideas were old LDP proposals.

Mr Hashimoto did not specify whether the former LDP government had proposed that Japan Tobacco donate 50,000 ash receptacles to the public, but the state-owned tobacco company's contribution was counted in the package announced by the coalition government yesterday.

Japan's ashtrays were a symbol of the determination of state-owned companies and ministries to donate to the campaign in order to revive and deregulate the economy, though without doing themselves or the national budget much damage.

The inability of the seven-party government of Mr Morihiro Hosokawa to extract more funds from the finance ministry and, perhaps, more ashtrays from JT, is a measure of the difficulties that all Japanese governments face in dealing with the bureaucracy.

Most of the deregulation proposals have been raised before, and there is a sense within the bureaucracy that the Hosokawa coalition will not last long enough to implement changes that would greatly undermine the power of the ministries.

There is also surprise among Japanese companies at the willingness of Mr Hosokawa to believe the finance ministry's warnings that a slowing of tax revenue has made it impossible to produce a larger flow of "real water", as fresh funds are described.

A senior official at one of Japan's Big Four brokerages said he was not surprised that Mr Hirohisa Fujii, the finance minister, has followed the ministry's line; this was because he is a former finance ministry bureaucrat.

"But the whole government appears to be in the pocket of the finance ministry," the official said.

Mr Hosokawa was unable to win an income tax cut from the ministry, but still argued

that the package will have an effect.

"I don't think this is good enough, but I believe that we have done the best we could do at the moment," he declared.

One sign of the difficulties faced by Mr Hosokawa's deregulation campaign was a provision in the package giving Japanese ministries two years to suggest revisions to anti-monopoly laws, which still allow the formation of industry cartels.

The seven-party coalition is divided over the emphasis that should be given to deregulation, providing the ministries with a good excuse to delay changes to the more sensitive issues, such as the abolition of cartels tolerated under the present law.

Leaders of the Japan Renewal party, one of the coalition partners, have suggested that Mr Hosokawa should concentrate on introducing political reforms, and not allow himself to be "distracted" by economic and foreign policies.

The coalition has promised to introduce changes to the electoral system this year, and Mr Hosokawa has indicated he will resign if the promise is not kept.

The presumption is that an election will be called when the changes are made and a new government formed.

But Mr Hosokawa's chances of another term as prime minister in a new system will depend on public perceptions of his ability as administrator. Certainly, the economic downturn is putting these skills to the test.

LDP officials such as Mr Hashimoto insist that the coalition's policies are a reheating of the former government's ideas and that Mr Hosokawa has even repeated the phrase first used by Mr Kiichi Miyazawa, the former prime minister.

Mr Hosokawa is fortunate that the LDP, which ruled for 38 years, is still prone to division.

Six MPs from the LDP quit their factions yesterday in protest at the party's inability to reform itself by abolishing the system of intra-party factions.



Prime Minister Hosokawa and Mr Takemura, chief cabinet secretary, face cabinet yesterday

Sharp rise against dollar in Europe trading

By James Eitz, Economics Staff

THE YEN rose sharply against the dollar in European trading yesterday, as currency dealers took the view that the Japanese economic package would do little to reduce Tokyo's trade surplus.

Officials in Washington are keen to see a reduction in

Japan's exports to the US and, for most of this year, have adopted a policy of benign neglect as the dollar has depreciated against the Japanese currency. By allowing the yen to rise, the US has helped build back Japanese exports.

Four weeks ago, the US Federal Reserve signalled a dramatic change in the Clinton administration's stance on the

dollar/yen exchange rate. The US central bank halted the yen's appreciation (it was up by a fifth since the start of the year) by intervening in foreign exchange markets and selling the Japanese currency.

Since then, dealers have been led to believe Tokyo would introduce a strong stimulus to the economy this week that would suck in imports.

But although the headline figure for yesterday's boost was larger than expected, currency analysts were disappointed by the absence of tax cuts and a reduction in the official discount rate.

After trading at around Y108.50 before the measures were introduced, the yen appreciated sharply, broke through the Y105 barrier and

was trading at around Y104.55 last night. Several analysts suggested the yen could have advanced considerably closer to the Y100 level, had it not been for fears that the Federal Reserve might again intervene. "It would be fair to say that Y100 is on the cards now," said Mr Steve Hannah, chief economist at IBI International in London.

Emiko Terazono

British prime minister adopts a softly-softly approach in quest for increased business opportunities in Japan

Legacy of war overshadows Major's visit

By Kevin Brown in London and William Dawkins in Tokyo

MR JOHN MAJOR, the British prime minister, departs for a six-day trip to Japan, Malaysia and Monaco today, hoping that the long shadow of the Second World War will not sour his hopes for a foreign policy triumph.

Much against Mr Major's wishes, the issue of compensation for Japanese military threats to cloud his first meeting with Mr Morihiro Hosokawa, his Japanese counterpart.

Mr Major is being pressed hard by leaders of British POW organisations, and will be unable to avoid raising the issue with Mr Hosokawa. But Mr Major's advisers were keen to damp expectations of a quick breakthrough yesterday,

warning that Tokyo was unlikely to move beyond Mr Hosokawa's recent declaration of apology for wartime excesses.

Senior British officials also stressed that the tone of the trip will be very different from the last visit to Tokyo by Mrs Margaret Thatcher, the then prime minister, four years ago. Mrs Thatcher bluntly warned against protectionism, pushed hard on a number of bilateral trade issues and left her hosts with their ears ringing. Mr Major will take a softer approach, partly because many of the problems which exercised Mrs Thatcher have been resolved.

For example, Tokyo has opened its stock exchange and its telecommunications market to foreign com-

panies. The Hosokawa government has also embarked on a deregulation drive that has strong parallels with the rhetoric emerging from London.

But there has also been a change in UK government approach. Unlike the US, London believes that, exerting pressure on an increasingly confident Japan is the last way to strike a deal.

Instead, Mr Major hopes to build on the warm relationship between London and Tokyo which has flowed from Japanese investment in Britain. Japan, which directs 40 per cent of its European investment to Britain, increasingly sees London as a reliable spokesman in a shifting and uncertain European Community.

Mr Major, the latest in a queue of UK ministers to visit Tokyo this year, will be seeking business opportunities for British companies, greater science and technology links. He will also bring support for Japan's growing role in world diplomacy.

He will be accompanied by a business delegation of senior executives from 11 companies, plus Mr Howard Davies, director general of the Confederation of British Industry and Mr Richard Needham, the trade minister.

That looks hefty, but it is deliberately lightweight by comparison with the delegation that accompanied then US President George Bush to Tokyo last year, which was widely criticised as clumsy.

The companies will have their own shopping list. They include Rolls-Royce, Unilever, Guinness, ICI, British Telecom, British Gas, General Electric, Cable and Wireless, and Amec.

Rolls Royce, for example, is keen to sell jet engines to Japan Air Lines, which is expected to pick a supplier to refit much of its fleet in November. ICI is hoping to expand a joint venture with Teijin, a Japanese gases group, for making alternatives to chlorofluorocarbons, while GEC is looking for opportunities in government procurement.

Officials emphasise that Mr Major is not just on a selling mission. Like the US, Britain remains concerned over its growing bilateral trade deficit with Japan, which

amounted to £5.2bn last year.

But unlike the US, Britain will not push for a numerically targeted cut in the deficit. Instead, Mr Major is expected to press for a multilateral freeing up of Japanese trade, notably by insisting that any concessions granted to the US should also apply to other trade partners.

The UK is also worried that Japan is under such pressure to make concessions to Washington that British companies might lose contracts to US competitors for purely political reasons. Specific items on the agenda include sales taxes on imported whisky, which is many times higher than on domestic drinks, and continuing barriers to foreign lawyers.

None of this is likely to cause

serious problems. But there may be some sharp exchanges about Japanese reluctance to open the rice market to foreign suppliers.

Mr Major, who is said by officials to be "obsessed" by the stalled Uruguay Round of the Gatt, will press hard for movement on an issue he believes may prove crucial to the objective of achieving a more open world trading system.

Mr Major will spend two days in Kuala Lumpur on the way home, mainly in the hope of strengthening relations with Dr Mahatir Mohamad, the sometimes prickly prime minister, and boosting opportunities for British companies in the dynamic Malaysian economy.

The British premier is bracing himself for a lecture from Dr Mohamed on the European Community's reluctance to intervene militarily in Bosnia in support of the Moslem population.

NEWS: UK

Recession in mainland EC hits companies

By Ian Hamilton Fazey and Tim Burt

THE WORSENING recession in mainland Europe has begun to feed through to companies based in Britain's industrial heartlands of the Midlands and northern England where growth in orders has begun to stall, two separate business surveys showed yesterday.

The Confederation of British Industry, the employers' organisation, said sluggish European export trade was affecting the recovery in the Yorkshire and Humberside region after steady growth over recent months.

Members of the Yorkshire and Humberside regional council of the CBI said the downturn in France and Germany was exerting a "severe" effect on them. They were also worried by pressure on UK government spending programmes.

Mr Peter Lee, chairman of the CBI regional council, said: "Until there is a turnaround in the rest of the European Community, things will remain less than buoyant here."

In the west Midlands, the quarterly survey by the region's Engineering Employers Federation found that the proportion of companies enjoying growth in export orders

had declined to 20 per cent compared with 27 per cent in the second quarter.

It was the second successive quarterly decline in export growth after sustained improvement over the four previous quarters. Meanwhile, the number of companies losing orders rose for the third successive quarter - up from 21 per cent to 27 per cent.

"Export orders reflect the deepening recession in the rest of Europe," the federation said. Domestic orders also declined, with fewer companies reporting growing demand at home - down from 46 per cent in May to 39 per cent in August. The percentage of companies reporting growth in total orders fell to 41 per cent from 48 per cent.

Mr David Botterill, the federation's chief executive, said overall trends were still positive. But the government "must tread very lightly in the manufacturing sector if the eggshell of recovery is not to be broken".

The CBI in Yorkshire and Humberside said the construction industry was also suffering, while overcapacity was leading to severe competitive conditions and pressure on margins in many markets.

Tourist numbers up 8% to record

By Diane Summers, Marketing Correspondent

A RECORD 18.5m tourists visited Britain in the 12 months to April this year, the British Tourist Authority reported yesterday. The figure was 8 per cent higher than in the previous 12 months while the 8.5m total for the January-June period this year was 10 per cent higher than in the first half of 1992.

However, spending by tourists in the 12 months to the end of March this year increased by only 7 per cent to £7.9bn. That was the result of trading down, cutting short the length of stay and heavy discounting by the tourist industry to attract business, the authority said.

The authority expects the tourist total for the 12 months to April next year to exceed 18.5m.

Ms Adele Bliss, BTA chairman, said at the launch of the

authority's annual report: "We are forecasting an even stronger year to come as we reap the benefits of devaluation and the move away from simple sunbathing to the more fulfilling holidays that Britain offers."

However, Britain is still seen as a relatively expensive destination "so delivering value for money will continue to be paramount," she added. Travel from north America was up 18 per cent last year on 1991 - the start of that year was hit badly by the Gulf war - but did not recover to 1990 levels.

Growth in visitors from south-east Asia was strong, with tourists from Hong Kong, Malaysia and Singapore increasing by 22 per cent, and Japan by 21 per cent.

Out of the nearly 10m tourists from other European Community countries, France and Germany provided the greatest number of visitors.

Iraq export licences revoked after fraud is found

By Jimmy Burns

BRITISH companies exporting humanitarian aid to Iraq are to have their licences revoked by the government following the discovery of fraudulent United Nations and Department of Trade and Industry documents.

British officials at the UN have confirmed that UK-registered companies are among an undisclosed number from various countries which have been

brought to the attention of the UN sanctions committee because of the alleged doctoring of UN documents.

The doctoring involves false statements of export volumes, which may have resulted in some companies breaching restrictions on trade under UN sanctions.

Under the sanctions regime, which was imposed on Iraq after it invaded Kuwait in August 1990, humanitarian aid

is allowed, though borderline cases, where the aid could be defence-related, are subject to UN scrutiny.

Acting on information from the US and UK intelligence services, the DTI is investigating at least one case of a British-based company.

UK officials say that they have been left with no option but to revoke all export licences in order to prevent the fraud from spreading.

According to senior Whitehall officials, goods which have been identified on the forged documents are not defence-related. Nevertheless, they represent considerably larger quantities than those permitted under restrictions supervised by the 15-nation UN sanctions committee and involve trade with Iraq as opposed to humanitarian aid.

British companies will be told they can apply for new

licences. But the documentation will involve different paper which officials say is less susceptible to fraud.

The DTI, sensitive about not undermining UK commercial interests, was planning to revoke the licensing procedures discreetly, contacting companies before making any kind of public announcement.

The DTI said it could neither confirm nor deny that it was about to change its licensing

procedures. According to the DTI, at least 1,200 licences to export humanitarian-related goods have been granted to UK companies since sanctions were imposed on Iraq after the invasion of Kuwait in August 1990.

In addition the DTI has issued 270 "supply licences" to UK exporters. This allows UK companies to supply humanitarian-related goods to Iraq through third countries.

The Belfry counts the notes

Jim Kelly on the business of staging next week's Ryder Cup

A WORLDWIDE television audience of 250m will next week focus on a stretch of vaguely uninspiring countryside in the English Midlands.

Throughout the three-day event 35,000 people will troop across the grass. At lunchtime 8,500 corporate guests will dine in a 35,000 sq m tented village. Golf is big business.

The Ryder Cup between the US and Europe has the added bonus of passion since the competition was revitalised in 1979 by replacing a UK team with a European one.

The last contest, at Kiawah Island, South Carolina, was conducted in a atmosphere close to hysteria. The US won by half a point on the last putt. Crowd control, or the lack of it, was a big issue.

The venue is The Belfry in Warwickshire, where in 1985 the Europeans won a famous victory and a real renaissance began for what had become a moribund contest dominated by the Americans. In 1986 the competition was tied, the Europeans kept the cup, and the stage was set for Kiawah.

The European interest in the competition is now keen. The team boasts golfers from Italy, Spain, Sweden, and Germany as well as the "home countries" of the UK. More importantly the next Ryder Cup will be held for the first time outside the US and UK, in Spain.

Since 1989 £2.5m has been spent at The Belfry by De Vere Hotels, a subsidiary of Greenalls group, the pub and hotels group. The Belfry, a new course built in 1976-77, and much criticised in the past as immature, is reportedly in much better shape. More than 300 companies will use the corporate entertainment facilities.

But the quality of golf may be a sideshow. National fervour has overtaken the competition and the Professional Golfers' Association and the PGA European Tour, the organisers, will be watching to see if the spirit of the game is lost in the excitement.



Ian Woosnam pauses to study the green during first-round play in the Trophée Lancôme

Meanwhile the popularity of the event continues to grow. The daily attendance will compare well with the average for The Open Championship itself. The action will be live on BBC

television. Spectator "mounds" have been added to the course to help the sometimes frantic customers see the action.

More sedate scenes will ensue to today at St Nom la Bretèche, near Paris, where several members of the European team are preparing for The Belfry by competing for the Trophée Lancôme. While

the crowd there will no doubt be knowledgeable and excited they are unlikely to whoop and cheer their favourites.

Meanwhile at The Belfry the three days of the Ryder Cup are a sell-out at £35 a ticket. The advice is that the £15 tickets for the practice days have almost all been sold, too.

Britain in brief



Pound drops as jobs total falls again

News that unemployment rose again last month rounded off a week of poor economic figures, adding to the government's discomfort and triggering nervousness on the foreign exchanges.

Unemployment increased a seasonally adjusted 5,300 in August following a sharply revised increase of 4,300 in July.

The number of people out of work and claiming benefit now stands at 2.92m, or 10.4 per cent of the workforce.

The August monthly increase was the second in a row and went some way towards reversing falls in unemployment that occurred between February and May.

The news contributed to unease among investors, already unsettled by an on-spoken attack on the leadership of the prime minister by Mr Norman Lamont, the former chancellor. The pound dropped a penny to close at DM2.4625.

Lex, Page 16

Greens fail to start conference

The Green Party had to postpone the opening session of its party conference in Hastings yesterday because too few members turned up.

The shortage of delegates reflects the party's continuing fall in membership. Only 40 were ready to take part in the opening session, forcing organisers to rearrange the conference timetable.

Several star Green names such as Jonathan Porritt and David Icke are not attending this year's conference after being forced out of the party by bitter infighting over the past four years.

The Green Party executive today reported membership at just under 4,600, down from a peak of 18,500 in 1990 after they had polled 15 per cent of the vote in the 1990 European election.

Deficit cut by tax windfall

A tax windfall from the tobacco industry and repayments of debt by local authorities were behind a lower-than-expected budget deficit last month, according to government figures.

The gap between public spending and revenues in August was £3.64bn compared with £4.1bn in July, the government said. The seasonally adjusted figure brings the deficit

for the first five months of the financial year to £18.4bn, 28 per cent up on the £14.4bn recorded for the corresponding period last year.

The figures are roughly in line with Treasury estimates that borrowing for the full financial year will come to £50bn, up from £36.5bn last year and £13.7bn in 1991-92.

Customs and Excise duties in August were boosted by an extra £400m in tobacco duty resulting from a delayed price increase, the Treasury said. Also the overall deficit was contained by local authorities repaying £762m in August, with repayments from public corporations totalling an additional £521m.

In contrast, central government borrowed £4.56bn compared with £1.49bn in July and £3.96bn in August last year.

Extra police for council poll

Extra police were moved into Millwall, East London last night as a council by-election contested by the far right British National Party ended in mounting tension.

Labour party canvass figures last week gave the BNP 34 per cent of the poll, only five points behind Labour. The far right party has this week mounted a push to overtake Labour and win what would be its first local authority seat.

Representatives of the main political parties and church leaders urged electors to vote in greater numbers than is often the case in local authority by-elections and help ensure the BNP's defeat. Yesterday's by-election took place after a spate of racial violence.

95% of mobile calls 'a success'

About 95 per cent of calls made from mobile phones are successfully set up and completed, according to an Ofcom survey carried out between April and July. It found Vodafone the more reliable operator, with a 96.7 per cent success rate against 94.4 per cent for Cellnet. A survey earlier this year gave Vodafone a 95.4 per cent success rate and Cellnet 91.3 per cent.

Egan to head tourist body

Sir John Egan is to chair the London Tourist Board. Sir John, who was chairman and chief executive of the Jaguar car company before it was acquired by Ford of the US, will remain as chief executive of BAA, which owns and runs the three London airports.

Correction

Zurich Insurance: On September 9 the Financial Times wrote that Mutual Municipal Insurance had been acquired by Zurich Insurance early this year. Zurich Insurance has in fact only acquired parts of the business of MMI.

Unions to oppose changes in health law

By Ian Hamilton Fazey, Northern Correspondent

THE TRADES Union Congress will resist any attempt by the government to dilute the UK's health and safety legislation, Mr John Monks, the TUC general secretary, said yesterday.

Mr Monks was speaking in Manchester at the opening of a conference on environmental issues organised by the International Confederation of Free Trade Unions. More than 100 delegates from 30 countries attended.

Mr Monks called on trade unionists to act as "whistle-blowers" on their employers if environmental regulations were not observed.

UK health and safety legislation is under review to see if some regulations can be pruned. "We are concerned that the basic application of the law is not changed," Mr Monks said. The onus had to remain on employers to improve health, safety and environmental conditions.

The TUC believes environmental concerns will create jobs through development of a "green" industry. "It is already becoming clear that employment and incomes are being threatened by failure to adapt to best environmental standards," Mr Monks said. "If we fail to develop to these standards, Britain will lose out."

Mr Chris Smith, environment spokesman for the opposition Labour party, said the Multilateral Trading Organisation to be set up to administer the new General Agreement on Tariffs and Trade must have environmental issues in its remit. This would allow it to address problems caused by moving work from countries with tight environmental controls to those with more lax regulations.

Tougher rules ahead for City

By Norma Cohen, Investments Correspondent

THE Securities and Investments Board, the chief regulatory watchdog in the City, London's financial and commercial quarter, is preparing for the first time to ban individuals whose behaviour it regards pose a threat to investors.

In a move likely to unsettle the investment industry the SIB is already reviewing several cases and considering bringing charges against some individuals involved.

Separately, the Stock Exchange yesterday announced new measures requiring corporate directors

to disclose all the terms of their remuneration including stock options and bonuses in a move which also aimed at increasing protection for investors.

For the first time companies will have to explain how much it will cost shareholders if the director is dismissed prior to the contract's expiry date.

Current rules offer a loophole under which directors can keep some of the most expensive details private.

Huge payoffs to directors dismissed for incompetence have been a source of dismay to institutional shareholders who have been pressing for greater say over the terms of executives' contracts for the compa-

nies they invest in. Although unrelated, the two moves will tighten the regulatory framework under which British financial institutions operate.

The SIB has had the power to ban individuals since its creation, but not once in its six-year history has it ever considered doing so. Yesterday, the SIB announced the principles under which its banning actions would occur.

The decision to begin banning individuals stems from a review of the SIB's authority conducted earlier this year by its chairman, Mr Andrew Large, in which he considered whether new legislation is needed to protect investors.

Tories seek boost for educational exports

By John Authers

THE Department of Trade and Industry yesterday set up a trade group to improve UK educational exports.

The aim is to improve the marketing of British further and higher education overseas. Such exports already contribute about £1.5bn annually to the UK economy. The government also wants to improve the markets for government training schemes and scientific equipment.

Baroness Perry, who recently retired as vice-chancellor of South Bank Univer-

sity in London, will lead the trade group.

"There are a lot of countries, such as Thailand, which 30 years ago were extremely loyal to the UK, but now have veered much more strongly to the US and Australia," she said yesterday.

Her priority will be to improve British competitiveness in bidding for training contracts in developing countries which are funded by the World Bank and usually awarded by national governments. In this market, she says, the UK lags behind Germany and the US.

Revolt against Major gains momentum

As the party conference nears, Kevin Brown examines prospects of a leadership challenge

MR JOHN MAJOR returned from his Portuguese holiday three weeks ago determined to draw a line under the series of setbacks which has undermined his leadership since the 1992 election. He has not succeeded.

The prime minister's strategy has been to dismiss talk of an autumn leadership challenge as a product of the "silly season", the quiet summer period when political rumours sometimes achieve unjustified prominence.

This approach sufficed while the rebellion was confined to backbenchers such as Mrs Teresa Gorman, the rightwing MP for Billericay. But it may not be enough to deal with the more substantial intervention of Mr Norman Lamont, the former chancellor of the exchequer. Mr Lamont, sacked by Mr Major in May, gave fresh impetus to the rebel campaign yesterday in newspaper articles in which he scarcely bothered to conceal his contempt for the party leader.

If anything, Mr Major's dismissive description of Mr Lamont's comments as "rather sad and disingenuous" seemed more likely to prompt a further

damaging intervention than to calm the party's troubled waters.

The prime minister's response to Mr Lamont was echoed by cabinet colleagues, who condemned the former chancellor's comments, delivered in newspaper articles. The strongest reaction came from Mr Ian Lang, the Scottish secretary, who said the sight of "ex-ministers rewriting history" was "sickening".

But such condemnation of Mr Lamont did little to reduce the tensions on the backbenches. Sir Teddy Taylor, the MP for Southend East, was only one of a number of rightwingers claiming yesterday that Mr Lamont's views were shared privately by several ministers. However, in spite of all the huffing and puffing on the backbenches, it remains unclear whether, and when, a challenger will emerge.

One idea being discussed on the right is to put up a "stalking horse" candidate designed to tip Mr Major on to the slippery slope towards resignation by demonstrating his unpopularity among Conservative MPs.

Ironically, this was the strategy adopted in 1989 by opponents of Baroness Thatcher, then prime minister. She crushed Sir Anthony Meyer, the rebel candidate, but was sufficiently weakened to be defeated a year later. The consensus is that Mr Major would be fatally wounded if more than 100 MPs opposed him or abstained from voting.

But the problem for the right is that a leadership challenge can take place only if 10 per cent of Conservative MPs request a poll in writing. The rulebook says the identities of the MPs would be kept secret. But no one in the Westminster rumour-mill imagines that the names could be kept confidential for long.

This means that 34 MPs would have to declare openly that they want to replace the prime minister. Mrs Gorman claims that sufficient disgruntled MPs are prepared to stand up and be counted. Less committed observers question that assertion. But the arithmetic may change if Mr Major fails to demonstrate a clear grip of the party over the next month.

The crucial test will come in three weeks, when the Conservative rank and file gather in Blackpool for the annual conference. The signs are that many are already in an angry mood. Sir Teddy predicted yesterday that the conference would be "very difficult".

This is partly because of the deep-seated unhappiness about the government's performance on crucial issues such as the economy and law and order. But it is also a reflection of irritation about manipulation of the conference agenda by the party headquarters. For example, there will be no debate on the extension of value added tax to heating fuel, although dozens of critical motions have been submitted.

Mr Major, who is not a good conference speaker, will have

to deliver the performance of his lifetime to still the campaign against him. But Mr Lamont is not finished, either. The former chancellor is widely expected to return to the attack when he addresses a fringe meeting.

Lady Thatcher will publish her memoirs next month. Any suggestion of disloyalty by Mr Major during the 1990 leadership crisis will be seen by rightwingers as further evidence of his untrustworthiness.

The outlook for Mr Major is not all gloom. His advisers have always claimed that the government's problems would ease as economic recovery took hold. He is also protected by the most likely winner of a leadership battle would be Mr Kenneth Clarke, the chancellor of the exchequer, who attracts equal dislike from the right. Nevertheless, Mr Major's future remains unpredictable. Even if he escapes a challenge this year, the leadership issue would be reopened by a poor Conservative performance in the European parliament elections in June next year. That, say the cooler-headed rebels, is the time to watch.



The Royal Albert Hall, built more than 100 years ago in memory of Queen Victoria's husband, is to be given a £24m facelift (artist's impression above) to enable the building to fulfil its original purpose - the promotion of the arts and sciences. The present layout of the hall, best known for the annual Promenade Concerts, is too cramped for modern backstage operations

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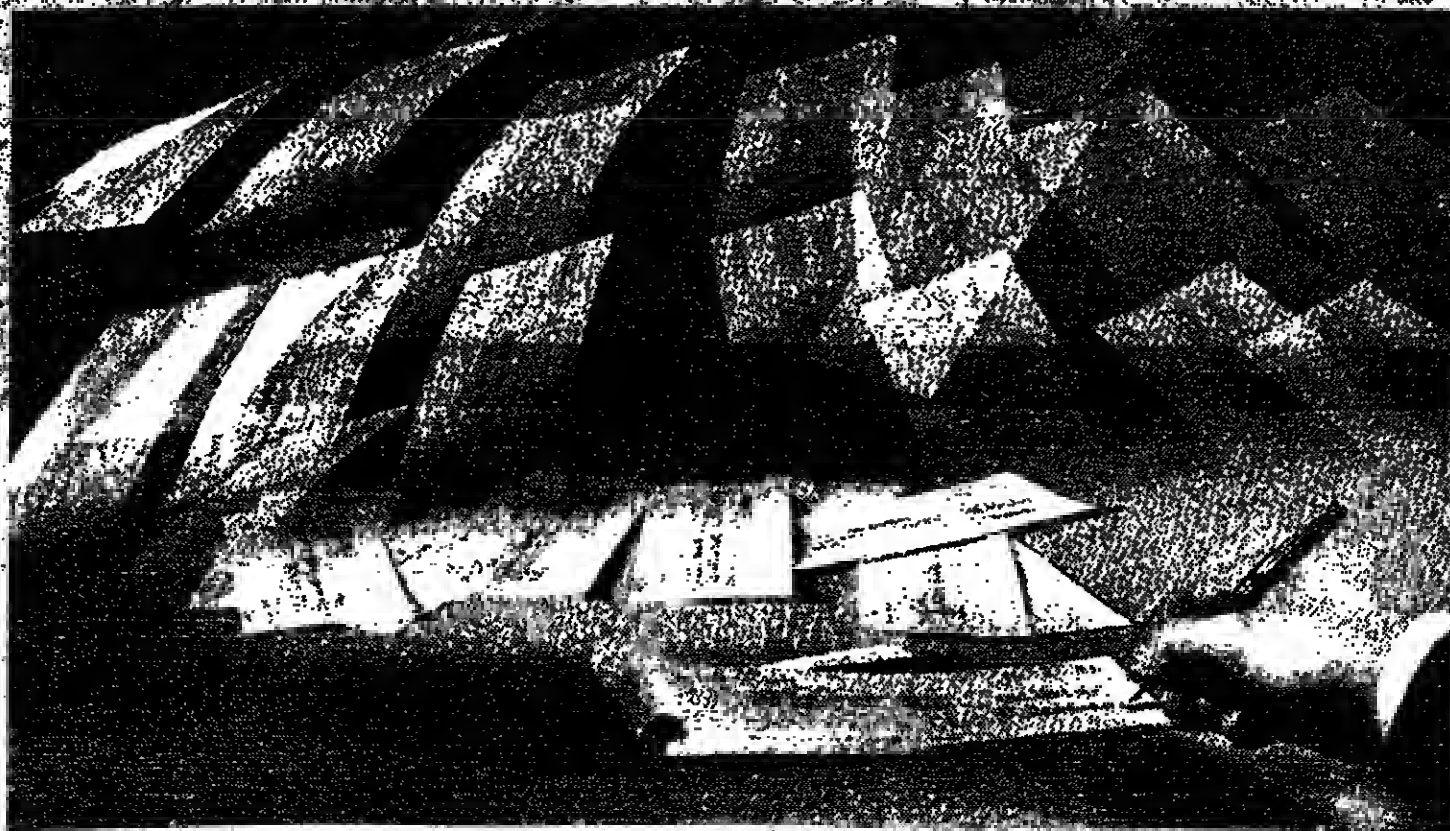
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MANAGEMENT

Tim Dickson became an extra at a training session on sexual harassment presented in the form of a drama

The sorry tale of Tom and Lisa

The action takes place on a Friday afternoon near Maidenhead, England, in and around the offices of MaST, a human resources development consultancy. Running time: approximately three hours.

ACT ONE (The prologue)

Enter 30 personnel and training officers (potential clients), a couple of journalists and various MaST "facilitators". All sit, expectantly, facing the stage.

The concept of business theatre - "to challenge and stimulate people to think in new and different ways" - is explained.

ACT TWO (The play within a play)

Enter Tom and Lisa, sales colleagues who share an office. Tom is carrying a copy of Madonna's book *Sex*. He fancies himself - and Lisa. He makes a number of suggestive remarks in the course of a discussion about an important sales contract.

Lisa is not amused. ("I make my living by selling our products. If you want sex, stick to Madonna.") Tom fails to take the hint, first puts his arm round her, and later runs his finger down her arm. On the strength of this she lodges a complaint.

ACT THREE (The dilemma)

The play is halted. The "audience" of personnel officers and journalists is divided into two groups to assess the action so far, to explore ways of resolving the conflict between Tom and Lisa, if possible through mutual agreement or reconciliation, if necessary through the law.

The two groups separately interview and counsel the actors who respond in the characters of Tom and Lisa. Each group then briefs one actor on what to do next, the hope being that the drama will end with the sales duo amicably at their desks and the legal cloud lifted.

Earnestness and political correctness are in plentiful supply. No one doubts that Tom is the cad. Debate centres on how to rebuild a harmonious working relationship. Efforts to suggest to Lisa that she might just loosen up a touch and to explain why Tom might have got carried away - his previous colleague Alice was evidently a bit of a flirt - leave her unconvinced.

The other group instructs Tom to go back to the office, apologise to Lisa, and lay down clear behavioural guidelines to govern their relationship in future.

INTERVAL (tea and biscuits)

ACT FOUR (The denouement of the play within a play in which the actors ad lib in character)

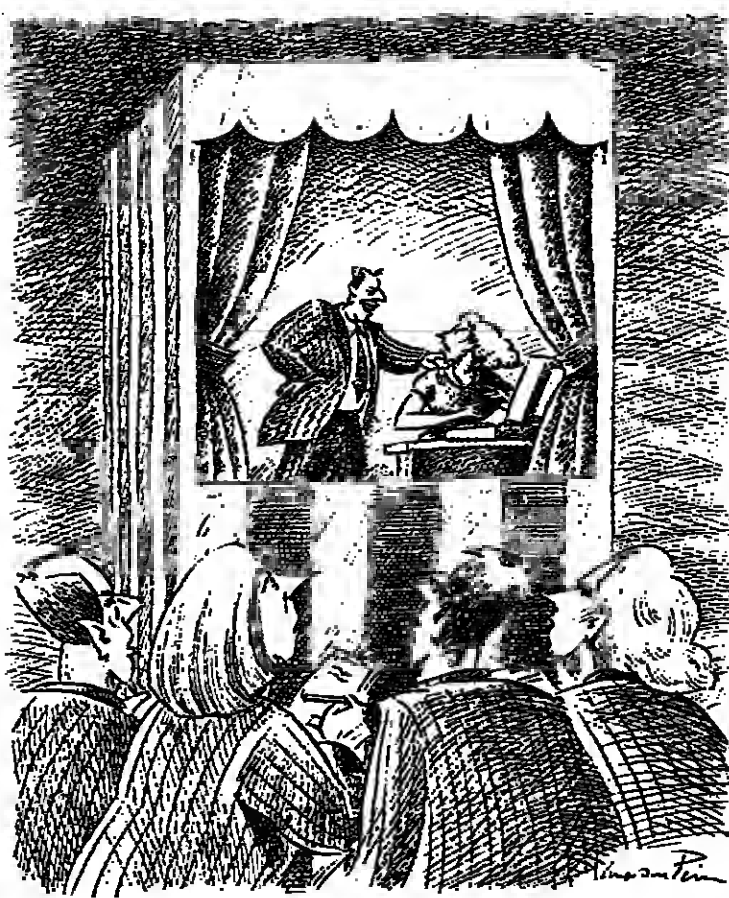
A surprisingly self-satisfied Tom is just putting the telephone down as Lisa arrives for work. They begin - falteringly - to consider possible ground rules. Both seem to be going through the motions. After a minute or so, of discussion, Tom announces that their conversation is a bit academic; he has just accepted a job with one of the company's big customers.

ACT FIVE (The epilogue)

Enter Dianna Yach, MaST consultant and legal expert. She explains that the drama *A Bit of Fun* can be used as a tool for spreading awareness about sexual harassment, a training programme, or an assessment vehicle.

Yach emphasises that sexual harassment poses a serious financial threat to companies, as well as being an important human issue. Attitudes towards acts of harassment, particularly sexual harassment, are hardening and industrial tribunals are more willing to mark their disapproval in enhanced awards against employers.

Following a decision last month in the European Court of Justice



(Marshall v Southampton and South West Hampshire Area Health Authority) the upper £11,000 limit on equality compensation in the UK has been declared unlawful.

Employers are vulnerable, insists Yach, unless they can show that they have taken clear and positive steps to investigate a complaint, and taken positive action should the complaint appear justified. Tribunals are interested in the

effects of behaviour, so it is not a defence to allege that the individual meant no harm. As one UK law firm discovered last year, employers can be held liable for what goes on at the office Christmas lunch.

Information on the next production in early November from MaST, Hermitage House, Bath Road, Taplow, Maidenhead, Berkshire, SL6 6AR.

seriously about the cumulative cost of replacing staff affected, paying sick leave to employees who miss work because of stress, and the implications of reduced productivity - all expensive drains on morale and efficiency, she says.

The priority attached to the issue varies in different countries. The report is peppered with best practice examples from the Netherlands, where many organisations have gone beyond the guidelines by instituting training and setting up external complaints commissions.

**How to Combat Sexual Harassment at Work, available from Commission of the European Communities, 8 Storey's Gate, London, SW1P 3AT. Tel: (071) 222 3122*

Lucy Kellaway

Curbing the office pest

European companies can no longer ignore the problem of sexual harassment. Governments, trade unions, employers' bodies, industrial tribunals, the press, equal opportunities groups and countless victims have made sure of that.

The latest initiative comes from the European Commission, which has just published a booklet explaining how to construct a policy aimed at stamping out sexual harassment. It is based on the Commission's code of practice, published two years ago.

The code consists of a two-pronged - It includes measures to prevent harassment from occurring to the first place and measures to find ways of tackling it once it has happened. It urges companies to: ● Issue a statement spelling out what counts as

harassment, making it clear that such behaviour is unacceptable and describing a procedure through which employees can complain.

● Make sure that employees know about the policy.

● Place responsibility on managers to make sure harassment does not occur in their areas.

● Provide training for managers and for staff processing complaints.

● Set up formal and informal channels for dealing with complaints.

● Designate someone to give advice and assistance.

● Make sure cases are investigated quickly and by a committee set up for the purpose.

● Meet out suitable disciplinary

measures to guilty parties.

Slowly, companies are beginning to realise something needs to be done. The telephone lines have been increasingly busy at the UK's Equal Opportunities Commission, which runs a service advising employers on how to combat harassment. In 1990, an average of one employer a week used the service. By last year, the EOC was receiving about two inquiries a day and the numbers are rising.

A similar picture emerges from recent research by Industrial Relations Services, the pay and conditions research group. It found that a third of British employers had a policy to deal with sexual harassment and a further third

were considering introducing one.

However, the mere existence of a policy does not mean it is having any impact. Indeed, it seems many companies have policies which fall short of the EC's guidelines. A recent survey by the Industrial Society shows that more than a fifth of UK employees do not know if their organisation has a sexual harassment policy or not. The EC booklet says companies without a policy are open to litigation from employees who have been the victims of harassment.

Agnes Hubert, head of the European Commission's equal opportunities unit, says a policy may also save companies money.

"Organisations should think

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BUSINESS AIR



THE pharmaceutical industry is beginning to give diabetes the attention it deserves as one of the world's most serious and fastest growing chronic diseases. Diabetes and its complications already kill 160,000 people a year in the US.

Prospects for the immediate future include easier ways to administer insulin than the traditional self-injection, a new hormone to enhance the effects of insulin, and the first drugs designed to treat the medical complications of diabetes. Further ahead lies the possibility of curing or preventing diabetes by intervening in the disease process at the molecular level.

Diabetes is ultimately an auto-immune disease, triggered by a combination of genetic and environmental factors. The body's immune system destroys the cells in the pancreas that make insulin, the hormone controlling blood glucose (sugar) levels.

Until the isolation of insulin by Frederick Banting and Charles Best in 1921, anyone with the most severe form of the disease, known as Type 1 or juvenile-onset diabetes, soon fell into a coma and died.

During the 1920s and 1930s two companies that still dominate international insulin production today, Eli Lilly of the US and Novo Nordisk of Denmark, set up plants to extract the hormone from pigs' and cows' pancreases.

Diabetics could then stop themselves falling into a fatal coma with regular injections of insulin. But these were no cure: diabetes became instead a chronic degenerative disease with a multitude of life-shortening complications including poor blood flow, blindness, kidney failure and severe nerve damage (neuropathy).

Worldwide sales of diabetic drugs were worth about \$2.5bn (£1.6bn) in 1992 and are growing at about 10 per cent a year, according to Lehman Brothers, the international securities company. Insulin has about 60 per cent of the market.

The remainder is for "oral hypoglycaemics" - drugs taken by people with Type 2 or adult-onset diabetes, a less severe form of the disease. The most important development during the 1980s was the genetic engineering of bacteria or yeast to make insulin identical to the hormone produced in the human pancreas.

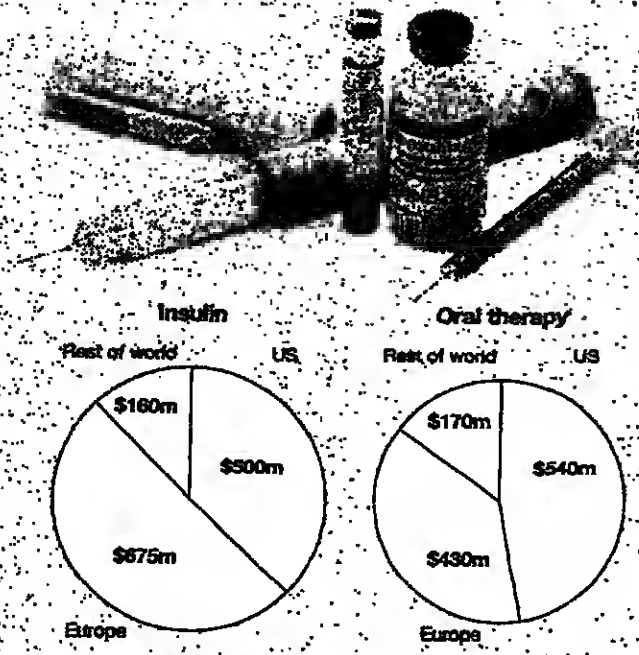
This "human insulin" has the advantage that, unlike animal insulin, it does not stimulate unwanted antibodies in patients. About two-thirds of diabetics have now switched from animal to human insulin. Some were put off by reports that patients on human

Continuing a series on drug discoveries, Clive Cookson considers developments for the treatment of diabetes

Gaining the upper hand

Diabetes drugs

1992 world market \$2.5bn



Sources: Lehman Brothers; Lilly Diabetes Care

insulin were more likely to suffer from acute hypoglycaemia - a sudden and potentially fatal fall in blood sugar levels - because it gave them fewer warning signs of an impending attack, such as sweating and tremor. But the Drug and Therapeutics Bulletin, published by the UK Consumers' Association, concluded this year after reviewing all the clinical data that human insulin was just as safe as the animal version.

"At the same time, the insulin manufacturers are making it easier for diabetics to inject themselves. In the 1920s, patients used a ground glass syringe that had to be sterilised in alcohol every time it was used. The minimum standard now is a throw-away plastic syringe with an ultra-thin needle that causes little pain or skin damage. And more and more diabetics are using convenient pre-filled injection "pens".

An alternative hi-tech delivery system is the insulin pump, which infuses insulin slowly and steadily into the patient's bloodstream. Its advantage is that it reproduces the hormone flow of a real pancreas more accurately than injections. The disadvantages include cost (about \$4,000) and the inconvenience of always having a device about the size of a cigarette pack strapped to one's body.

This year Novo Nordisk agreed to promote pumps manufactured by Minimed of the US for its insulin preparations. But the Danish company estimates that only 25,000 diabetics worldwide are on pumps while 750,000 are using its Novopen injection systems.

Research aimed at removing the need for injections or pumps altogether, by developing forms of insulin that could be taken by mouth or as a nasal spray, has given gener-

ally disappointing results.

Several groups have come up with experimental forms of oral insulin. The hormone is given a coating, such as gelatin and/or biodegradable plastic, which protects it from digestive juices in the stomach and then releases it into the bloodstream through the intestine wall. But none so far gives sufficiently reliable doses of insulin.

Novo Nordisk spent a lot of time and money developing a nasal insulin preparation, only to abandon the project last year after clinical trials showed that it was not sufficiently effective at reducing glucose levels in the blood.

The benefits of controlling blood sugar as tightly as possible were shown in the results of a nine-year study sponsored by the US National Institutes of Health, which were released in June. Type 1 diabetics who injected themselves three or more times a day or used an insulin pump reduced the risk of complications by more than half in comparison with those who had only one or two insulin shots per day.

The study is likely to stimulate sales not only of pumps and injection pens but also of glucose monitoring devices and disposable test strips, produced by companies such as Medisense.

A quite different approach to better control of blood sugar is based on another pancreatic hormone, amylin, discovered in 1987 by a Medical Research Council group at Oxford University. It appears that Type 1 diabetics are short of amylin as well as insulin, whereas Type 2 diabetics make too much amylin.

A company set up in California to exploit the Oxford discovery, Amylin Pharmaceuticals, is carrying out a clinical trial of AC137, a synthetic version of the hormone. Preliminary results announced this month suggest that AC137 injected with insulin helps to "smooth out" the rise and fall in blood sugar levels.

Amylin is also working with Glaxo, the largest UK pharmaceutical company, to develop amylin blockers as drugs for Type 2 diabetics. Two candidates are due to start clinical trials next year. Drugs available today for Type 2

diabetics are "oral hypoglycaemics" which stimulate insulin production; the leading manufacturers are Hoechst of Germany and Upjohn and Pfizer of the US.

Other companies are trying to tackle diabetes on a more fundamental level by blocking the auto-immune reactions before they destroy all the patient's insulin-producing cells. Drugs that suppress the immune system, such as cyclosporin, delay the onset of the disease but their side-effects rule them out as routine therapy. The hunt is on for more specific treatments; one candidate is a "fusion toxin" produced by Seragen in the US.

For a diabetic who has already lost all capacity to make insulin, the best long-term prospect may be some form of artificial pancreas. Two US companies, CytoTherapeutics and BioHybrids, have developed technology to transplant insulin-producing islet cells into diabetics; the cells are encapsulated with a semi-permeable polymer membrane to protect them against destruction by the patient's immune system. Both systems work in diabetic animals and are now beginning clinical trials, although they are unlikely to be available commercially for several years.

One of the most active areas of diabetes research is in the treatment of diabetic complications. The first drugs designed to protect kidney, nerve and eye cells from the toxic by-products of abnormal sugar metabolism are beginning to reach the market. "Aldose reductase inhibitors" are one category, pioneered by American Home Products.

Scotia of the UK is carrying out clinical trials of EF4, a mixture of fatty acids extracted from evening primrose oil. It appears to protect nerve fibres by increasing blood flow in the legs, feet, arms and hands.

David Tomlinson, professor of pharmacology at Queen Mary's College, London, outlined a more radical approach to diabetic neuropathy at a meeting of the British Pharmacological Society this month. He proposes to repair the damage with neurotrophic factors, recently discovered compounds that stimulate the growth of nerve cells.

The series will continue next month with an article on anaesthetics.

Articles in this series over the last six months have looked at pharmaceutical advances in the following areas:	
Epilepsy	27 August
Arthritis	27 July
Menopause	25 June
Alzheimer's	24 May
Asthma	23 April
High blood pressure	18 March

Worth Watching - Della Bradshaw



more professional film. The RDD10i costs £299.99. Goldstar: South Korea, 2 787 1114; UK, 0753 691888.

In tune on the motorway

Every driver knows how dangerous it can be to try to tune in the car radio while driving. German manufacturer Blaupunkt has launched a car radio which could eliminate the problem by displaying all the required information on a colour liquid crystal display screen which sits near the top of the dashboard.

As well as displaying the name of the station to which the radio is tuned, it lists all the stations available, which can be selected using a cursor. The unit can also be attached to a CD player or a navigation system, so that it can display textual data or diagrammatic route information. Blaupunkt: Germany, 51 21 49 46 12.

Saving space with the office computer

A computer system which stacks like a hi-fi unit has been developed by Motorola, based on its MC88110 Risc microprocessor. The Series 900 enables five units - the central processor box, memory units, etc to lock together without screws.

The company believes the Unix system can be stacked together by any end-user, and will be bought by companies that want the potential to expand their computing facilities rapidly. The Series 900 has a five-year warranty on parts and labour. Motorola: UK, 0628 39121.

Fashionable PCs put on the spot

The latest for the fashion-conscious computer owner is a computer system with a spotty case.

Pro City Computers, which sells its wares on London's Tottenham Court Road, has designed new cases for its PCs and stack computers which incorporate a large coloured spot - red, pink, purple, blue, white or black - in the centre of the case. The company reports interest from corporate clients who select the spot to match their logo. Pro City Computers: UK, 071 637 0736.

Unlocking a new operating system

Leading US personal computer maker Compaq Computer took a technological plunge on Tuesday with a range of minicomputer-replacement "multi-processor" systems, writes Geoff Wheelwright.

Known as the Compaq ProLiant family of "file servers", they have up to four computer processors in a single machine (the highest number ever offered by Compaq). ProLiant systems will come with specially-designed implementations of Novell's NetWare, SCO's Unix and Microsoft's Windows NT Advanced Server on four compact discs. These CDs can be used with the built-in CD-ROM player to install any one of the operating systems - although users must first contact their Compaq supplier to pay for a software "key" to "unlock" the operating system they choose to install.

This system means users can have immediate access to the network operating system of their choice without having to order it for inclusion with the system. Compaq: US, 713 370 0670; UK, 081 332 3000.

Putting videos in the picture

For those would-be cinematographers with 8mm camcorders, the Korean electronics company Goldstar has introduced a simpler way of transferring recordings from 8mm to VHS format so that the film can be viewed like an ordinary video.

The RDD10i machine is a traditional VHS remote control VCR but with an extra slot for 8mm tapes. By inserting the recorded 8mm tape and a blank VHS tape the recording can be simply transferred. The system also includes basic film editing capabilities to help produce a

Some of our other activities are making headlines.

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PEOPLE

Morrissey to join Independent

Newspaper Publishing, publisher of The Independent and Independent on Sunday newspapers, has appointed Patrick Morrissey as chief executive from October 1 and to the board immediately.

Andreas Whittam-Smith, Newspaper Publishing's deputy chairman and editor of The Independent, who announced his intention to stand down as chief executive in July, said yesterday: "The qualities and experience that Patrick brings us are exactly what we need for our next phase of growth."

Starting his career in marketing at J. Lyons & Co, he eventually moved on to the international division of Beecham Group in 1971, where his posts included regional director. Morrissey, managing direc-



tor of Mirror Group Newspapers between 1985 and 1990, says that his first task would be to "develop a business strategy for the next three to five years". Since leaving MGN, Morris-

sey, 52, has been managing partner of The Advantage Partnership, working as a consultant to various publishing companies and newspapers, including the Financial Times.

David Bell, the FT's chief executive, says Morrissey has "been very helpful to us, making a significant contribution to refining the overall strategy of the group."

Morrissey himself said that his time at MGN "gave me experience of the transfer of a newspaper group from loss-making into one making significant profits. But I don't think there are any magical formulas."

Bruce Fireman, a non-executive director who has been on the board from the inception, has resigned.

Insurance moves

■ Alan Nash, general manager - UK operations, has been appointed a director of The EQUITABLE LIFE ASSURANCE SOCIETY.

■ Richard Surface, md, Sun Life International; Richard Gough, md of Sun Life International (IOM); David Wigg, financial controller, Sun Life International (IOM); have been appointed directors of SUN LIFE Global Management.

■ Ian Richardson, group company secretary, Sun Life Corporation, has been appointed Global Management's chairman.

■ Bill Main, formerly general manager - finance at Scottish Equitable, has been appointed to the same position at SCOTTISH WIDOWS.

■ John Blakemore has been appointed company secretary of INDEPENDENT INSURANCE on the retirement of Peter Turner.

■ Neil Utley (below) has been appointed md of COLONNADE INSURANCE BROKERS.

■ Peter Sweet has been appointed a director of C.T. BOWRING Space Projects; Elizabeth Bolton, Stephen Lloyd and Edward Verbi have been appointed directors of Bowring Aviation.

■ Michael Leathers, Christopher Reeves and Ian Yuraszek have been appointed directors of Bowring Financial & Professional Insurance Brokers.

■ Brian Bolton has been appointed a director of Bowring Marine and Alfa Reiz and Rinda Gibson have been appointed directors of Bowring Worldwide Insurance Brokers.



From far and wide to join London Ambulance

Following its problems earlier this year, the London Ambulance Service has appointed four new divisional directors and a director of personnel. An inquiry last year into the failure of the service's computer system had concluded that the single centralised organisation of the service was not appropriate and that there was a need for a strong local focus.

According to Martin Goreham, the chief executive to whom the divisional directors will report: "We wanted it managed on a scale that people could cope with and are now in the position of having the right management team in place. We have the foundations to rebuild the service."

Of the four new operating divisions - central, north east, north west and south London - only one will be filled by a local person: Philip Saunders, former director of north east Thames, crosses the river to become the director for south London.

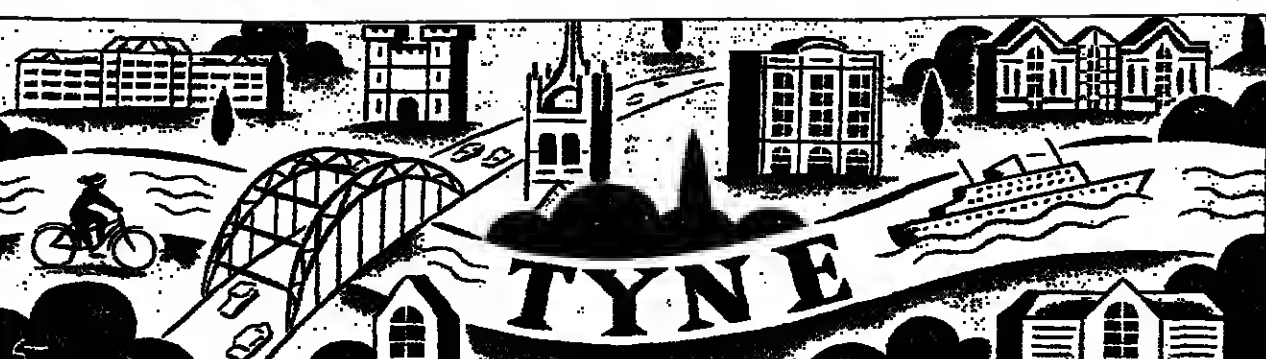
The other three will be moving south: David Carrington,

who was national training and development director in the Scottish Ambulance Service, is appointed to north west London; Owen Disley, former chief executive of the Merseyside Regional Ambulance NHS Trust, at north east London; and Don Page, former chief executive of South Yorkshire Metropolitan Ambulance Service, at central London.

Andrew Brown, personnel director for Nestlé and Clark Foods, has been enticed on board as the new director of personnel.

Goreham says he is not asking his managers to emulate those at the Northumbria Ambulance NHS Trust where a variety of money-raising activities is being developed: "We have hired managers, not entrepreneurs." However, those managers will have to have a commercial awareness in a service where certain activities are being commercially tendered.

The posts carry salaries in excess of £45,000; MSL organised the recruitment campaign.



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Employees: 114 including skilled production workers, sales and administrative professionals.

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available. Supply and waste removal systems are connected to the local municipal network. About half of the company site is presently being leased to approx. 60 firms, the other half is used by "Börfleisch Magdeburg GmbH" for production. Note: Because the city of Magdeburg plans another use for the company site mid-term, the investor will be provided with a property of equal value in Magdeburg-Rothensee by the local government where a completely new slaughter-house will be built. Until completion of the new building, the city guarantees inventory protection at the existing company site. This site would continue being possibly suited for storage and distribution.

Location: Magdeburg, capital of the federal state of Sachsen-Anhalt, approx. 290,000 residents, can be directly reached from the A 2 Berlin-Hannover federal autobahn; Berlin and Hannover are each about 150 km distant.

The company is located about 2 km south of the city centre and is directly connected to the Magdeburger Ring. The autobahn junction Magdeburg-Zentrum is approx. 7 km distant. The company's own works siding connects the site to the Berlin-Hannover main route. The closest international airports are in Hannover, Berlin and Leipzig.

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Dated 9 September 1993
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Nearly 150 academics and executives have gathered in Norway this week to discuss developments in a subject which, in spite of the recession, is growing fast: business ethics.

As a discipline, ethics has taken root in universities and business schools across the US, the UK and elsewhere. This month, Jack Mahoney, a Jesuit priest, takes up his post as professor of business ethics and corporate responsibility at the London Business School. Leeds University and Manchester Business School have made similar appointments in the past two years. Other educational centres in the UK, such as the Cranfield Institute of Technology, have followed the lead of US business schools and started courses in business ethics.

The subject is not banished to the academic world. Managers and consultants almost match the number of academics at the Norway conference. Prof Mahoney's chair is funded by a £1m bequest given by Mr Stanley Kalms, chairman of Dixons, the high street electrical goods retailer, from the group's charitable fund.

Almost one-third of large UK companies and four-fifths of their US counterparts now have codes of ethics. Most set guiding principles for the organisation, as well as covering specific areas such as buying policies, safety and environmental responsibilities.

For example, National Westminster Bank's code of conduct, published in April, sets out the proper behaviour for its 90,000 staff in cases where interests conflict and on accepting entertainment from outsiders.

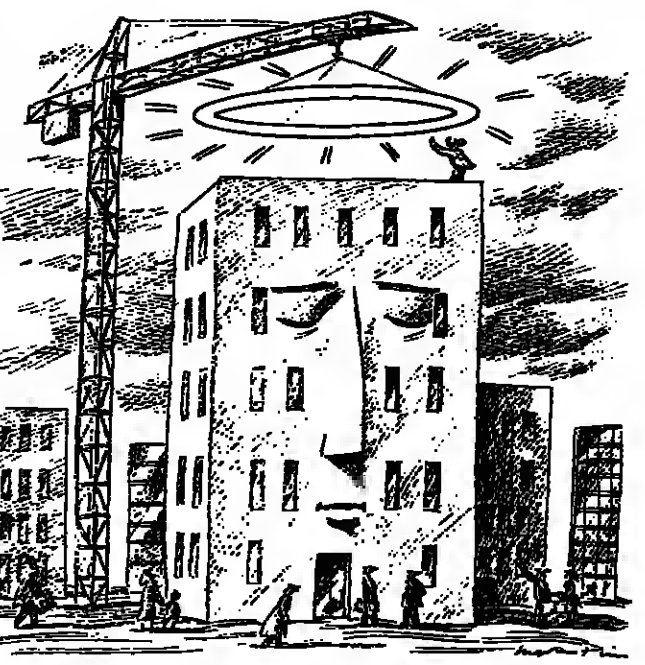
Mr John Drummond, director of Integrity Works, a London-based ethics consultancy, says one reason for companies to adopt ethics codes is to avoid corporate embarrassments. He says British Airways introduced a code of conduct after the bad publicity created by its "dirty tricks" campaign against its competitor Virgin.

But he stresses that there are also positive reasons for companies to adopt codes - particularly the perception that good ethics are good business. Based on experience he gained at NatWest, he argues staff actually want to discuss how they should conduct business. "People want to talk about ethical issues," he says.

Dixons's Mr Kalms explained his interest in business ethics to personal philosophical

What price a corporate halo

Andrew Jack and Hugo Dixon on the spread of business ethics



terms. "Behind the bluff exterior of the practitioners of the art of business are often citizens with doubts, moral uncertainties, even spiritual black holes," he said recently.

Lord Laing, who as chairman of United Biscuits was one of the first industrialists to introduce a code of ethics into a British company, says: "On the whole, business has a bad image. Anything we can do to improve it we should."

But the justification Lord Laing offers can only fuel the suspicion that ethics codes are more about marketing a company than altruistic or philosophical considerations. An example of the value of ethics as a marketing tool is the 12-point code launched by the Co-Operative Bank last year which stated that the bank would no longer lend to businesses or organisations involved in activities such as blood sports or environmental destruction. Whatever the bank's wider motives, Mr Terry Thomas, managing director, has spotted considerable sums using the code as a way of attracting new business. The value of customer deposits at the bank was 8 per cent higher

in the six months to July this year than the corresponding period in 1992.

Though the example of the Co-Operative Bank re-inforces claims that ethics codes help boost earnings, there is a counter argument that they divert attention from what some would regard as the principle task of a company - serving the interests of shareholders.

Mr Ian Smedley, a member of the Institute of Directors, cites from Adam Smith's 'The Wealth of Nations' to argue that profit making should take priority and may be incompatible with the kind of business ethics being advocated by academics: "It is not from the benevolence of the butcher, brewer or baker that we expect our dinner, but from their regard to their own self-interest."

Norman Barry, professor of political philosophy at Buckingham University, says: "A lot of business ethics is posturing." He sees ethics as a diversion that threatens to turn companies into "welfare agencies", blunting their competitiveness.

In defence of the explicit setting of ethical standards, Prof Mahoney, of the London Business School, admits that, "one might be ethical and end up out of business," but he says the subject cannot be dismissed easily. "The conduct of business is a major part of human activity, so one would need a good reason to think ethics does not apply."

Mr Stanley Kiaer, of the Institute of Business Ethics in London, says there is a strong element of self-interest in embracing business ethics. "If you want good treatment from your suppliers, employees and customers, you have got to show that you will do well by them," he says. "If you don't have contented employees, sooner or later you will have trouble."

One difficulty critics find in taking business ethics seriously is that its theoretical roots are still rudimentary. While ethics has long been taught in philosophy and theology departments, thinking on its more practical applications is less developed.

There is also a more practical problem: the difficulty of evaluating how effective codes of ethics have been in practice. For instance, General Dynamics, the US conglomerate, introduced a code in 1985 which it has distributed to its employees and covers topics such as receiving gifts from outsiders.

Between 1985 and 1991 the code and a related staff communication programme generated nearly 30,000 inquiries from staff, provoking 1,419 sanctions such as reprimands and demotions. Some 165 employees have been sacked.

But Mr Kent Drayvesteyn, vice-president for business ethics and equal employment opportunities, stresses that any attempt to quantify the economic gains derived from the company's code would be "so difficult that it would be nonsensical". He rejects the notion that there is any simple connection between General Dynamics' stance on business ethics and profitability, and he says the code does not attempt to instil basic moral values.

"We're not in the business of replacing missing virtues in our employees, but we owe it to them to tell them about slippery spots inherent in the business process," he says. "In a society with a web of rules and regulations, that makes good practical sense." Detractors of ethics as a subject worth taking seriously in a corporate environment will probably need more convincing, but General Dynamics' pragmatism seems to be shared in a growing number of companies.

Joe Rogaly

Opportunists in waiting



The Liberal Democrats are the scavengers of British politics. These are not my words; I take the observation from Mr John Smith, a Labour front-bench.

The Lib-Dems, says he, are politically promiscuous. "They form casual relationships of convenience with whatever party offers them the prospect of power," he writes in *Renewal*, a quarterly journal of Labour politics.

Mr Paddy Ashdown, scavenge-in-chief, must be delighted. He would not use Mr Straw's imagery, but he would have to agree, possibly with pleasure, that the insight is perfectly accurate. Since the April 1992 election, Mr Ashdown's strategy has been to advertise his party's moral superiority, while waiting to see which way the Liberal Democrats would take him. So far the answer is: further than anyone might have imagined in 1989, when the reincarnated soul of the old Liberal-SDP Alliance was struggling for survival in a new body.

How long ago that now seems. First Sir Norman Fowler, chairman of the Conservative party, identifies the Liberal Democrats as the principal threat to perpetual Tory rule, and sends the prime minister scurrying around the country to stop the rot. Then along comes a senior Labour politician to argue, as does Mr Smedley in his *Renewal* article, that in many of the Labour heartlands, the Midlands apart, the Lib-Dems have replaced the Tories as Labour's main opponents.

It would be neat, would it not, if during the 1990s the everlastingly third force in British politics cleft the Conservative party in two, destroying it as the Alliance did Labour in the 1980s. Perhaps this is the

kind of fancy that leads Mr Straw to reject pacts or co-operation with the prince of scavengers. The fools who advise Labour that "one more heaven" is all that is required for Mr John Smith to become prime minister in a government commanding a socialist majority will be heartened by his analysis.

There is another view, often rehearsed in centrists' dreams: that the Liberal Democrats will become the alternative party of government by the end of the century, as were the Liberals at the beginning. When this thought-bubble rose above Alliance leaders' heads in the mid-1980s it was based on the likely demise of Labour; today it is the Tories who seem to be crumbling. We may hear some heady talk of the Liberal Democrats becoming the party of government during their annual conference in Torquay next week, although Mr Ashdown has warned his followers, who are flushed with local and by-election success, not to crow.

The truth is that most people are more fed up with traditional politicians, and the two main parties, than they have been for many years. The right has outplayed its hand; the old left has become an anachronism. The market for Ashdown's wide open. Any leader who is untainted by office, or the prospect of an immediate ascent to power, is in a position to attract attention, as is any interesting-looking new non-socialist party. This is not a uniquely British phenomenon, as we can see from the rise of Mr Ross Perot in the US and the Northern League in Italy.

Since their fourth election victory, the Conservatives have governed only in the sense that the Marx Brothers once ran an opera house

Mr Ashdown has particular advantages in riding this historic wave. The Labour party is beginning to look unmoderately, at least to the degree sufficient to make it palatable to the southern voters it must win over if it is to form a government on its own. The Conservative prime minister on record, since their fourth general election victory last April, they have governed only in the sense that the Marx Brothers once ran an opera house.

Mr John Smith is uninspiring. Mr John Major is cursed by a worse affliction. He is unlucky. His latest torture is to endure the wrath of Mr Norman Lamont, the man who less than three years ago ran his campaign for leadership of the party. The former chancellor does not enhance his own dignity by his persistent efforts to justify his past. He should let future historians do that. They may be kinder to his tenure of the Treasury than are most contemporary commentators. He missed his chance for glory a year ago, when he allowed himself to be persuaded not to resign following the departure of Britain from the exchange rate mechanism of the European monetary system. He should have insisted on resigning. It is Mr Major's humiliation to have such a man for an enemy.

From the Liberal Democrats' point of view, nothing could be sweeter. The message the public is being given about the Conservatives is that they are not only incompetent, they are tearing one another's eyes out. Every new snippet of political or economic news is analysed for its likely effect on Mr

Major's future. The betting is turning against his survival in office until the next election. I am not sure how far the Tories have thought this one through. Throw out a leader every few years and a party may get a name for inconstancy.

You may protest that none of this is serious. What matters is policy, not personalities. We shall hear a little about political programmes and values during the next three weeks, as first the Liberal Democrats, then Labour, and finally the Conservatives, meet in conference. The British polity being what it is, however, we shall hear far more about personalities. Will Mr Smith defeat the unions? Will Mr Lamont topple Mr Major?

The policy divide is between the anarchists of the new right whose thought still predominates among Tories and the conservatives in the other two parties. The latter want the re-establishment of a structured society governed by familiar institutions, including local authorities, and new regional parliaments. They regard individuals as citizens, not mere consumers. They are greener and more pro-European than the Conservatives. Labour is encumbered by a persistent dependence on trade union links and a nostalgic hankering after equality of outcomes. The Liberal Democrats favour competition, intervention only where markets fail, and equality of opportunity.

In short, Mr Ashdown's philosophy is what Labour's could be if the party was genuinely modernised. He even has the great merit, regarded with a jealous sigh by some Labour frontbenchers, of leading a party untainted by the word "Labour" in its name. This may not be enough. When the Tories are really up against it, we shall learn the true meaning of the phrase "political scavengers".

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Pay is top priority for union members

From Mr Allan Kerr.

Sir, David Goodhart's article on the future of trade unionism ("On the lookout for the vision thing", September 6) cites a study I carried out for Nupe in 1989 (not 1992 as stated). But the conclusions that he draws, namely that among low-paid public sector workers, advice on disciplinary and grievance issues comes ahead of collective bargaining, is almost certainly no longer valid.

Four years ago national pay bargaining was dominant, and did not directly impinge on the workplace. But government

initiatives, such as contracting-out, National Health Service trusts and local management of schools, mean that pay negotiations are increasingly a local matter. Consequently, pay bargaining is now likely to be accorded top priority by union members. Finally, and most importantly, it is essential to recognise that individual advice and representation is a key benefit of trade union collective organisation.

Allan Kerr, policy and research directorate, Unison, Civic House, 20 Grand Depot Road, London SE15 6SF

Organisation at root of stress

From Mr Nigel Bryson.

Sir, While Lucy Kellaway notes that Silvea Thomas "finds stress everywhere", it is unfortunate that she promotes such a superficial remedy for workplace stress (Management "Give yourself a pat on the head", September 8).

Stress at work is mainly caused by employers failing to identify clearly what employees' tasks are; give the training and support to do those tasks; offer any system to resolve difficulties as they arise; and provide a reasonable work environment.

So if 5,000, 10,000 or 15,000 workers are sacked (sorry, "made redundant"), I hardly think that "stroking their hair or inhaling deeply" is going to

be of much help to them or to those remaining - who, after all, are left to pick up the work of those made redundant.

While there are measures that can help individuals, it is much more effective to deal with stress organisationally. At least the law in the UK recognises stress as an issue of health at work. Since January this year, employers must undertake a risk assessment of all health and safety hazards. This includes stress.

Why wasn't this even mentioned? Nigel Bryson, director, health and environment, GMB Union, 22-24 Worple Road, London SW15 4DD

Total cost of caesarean births in UK is unnecessarily high

From Miss Barbara Hewson.

Sir, Three cheers for Joe Rogaly ("Birth rights and wrongs", September 14). The costs to the taxpayer of unnecessary caesareans is huge. In 1989, a caesarean cost £1,123, compared with £363 for a normal delivery (House of Commons Health Committee, Maternity Services, vol 3). Leading research shows little improvement in outcomes with a caesarean rate over 7 per

cent (Rukin Keirse & Chambers, A Guide to Effective Care in Pregnancy and Childbirth).

As some 650,000 women give birth in the UK each year, my guess is that a national caesarean rate of 13 per cent in 1992 may have increased public expenditure by some £30m.

Judging by the evidence heard by the health committee, the medical profession engages in serious anti-competitive

practices, in obstructing women's access to midwives. GPs rarely inform women of their right to a home birth with a midwife, referring them straight to hospital and an obstetrician. Some obstetricians threatened women with detention under the Mental Health Act unless they agreed to a hospital birth. Others told women that they "needed" caesareans and had to go into hospital.

There, the need for surgery vanished: they delivered normally.

The Royal College of Obstetricians gave evidence that its practice was to withhold information on risks of hospital births (though not of home births) from women. Miss Barbara Hewson, barrister, 4 Raymond Buildings, Gray's Inn, London WC1R 5BP

Security of Israel dependent upon a successful Palestine

From S Goldman.

Sir, Andrew Gowers is to be congratulated for his well informed Middle East feature, "Fragile hopes light the horizon" (September 8). He shows great insight into Israeli-Palestinian affairs and his article is very well balanced.

I would just like him to reflect upon his contention that the Palestinian issue is "at the heart of the Arab-Israeli conflict", because although it

has provided a useful rallying call for Israel's warring neighbours, I doubt the Arab nations have every really wanted a separate Palestinian state.

Mr Gowers may agree with me that the heart of the Arab-Israeli conflict lies in the very concept of a Jewish state existing in the midst of Islam and that sore will never go away, even if Israel were to retire completely to its recognised borders.

There will never be a day when Israel can relax its security vigil, nor can I visualise a time when the dictatorial Arab states will not fight among themselves.

Unemployment and poverty in a Palestinian state is Israel's greatest danger and I can only hope that any international funding will be used wisely - not to build huge industrial estates without the proper infrastructures to support pro-

duction and distribution.

My fear is that the goods produced will not reach the standards demanded by the western world and my hope is that Israel will be permitted to provide its expertise to promote Palestine's industrial future.

A successful Palestine will be Israel's greatest safeguard. S Goldman, 81 Stonegate Road, Leeds LS6 4BZ

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Friday September 17 1993

The reform of healthcare

WHEN 40 of the world's largest pharmaceutical companies combine to advocate the reform of healthcare services, the first reaction of health policymakers will be to count the spoons. Many countries have curbed spending on prescription drugs as part of measures to halt the growth in health budgets. So it is not hard to detect self-interest in the pharmaceutical companies' new-found concern for health economics.

Yet the study published this week by Pharmaceutical Partners for Better Healthcare, the industry's new pressure group for health reform, offers sensible proposals to deal with a policy challenge that cannot be ducked. While some countries have succeeded in halting the growth in the share of GDP consumed by health, most face a sizeable gap between demand for healthcare and funding. The ageing of populations and new and more expensive types of treatment maintain an upwards pressure.

Cost-consciousness

That perspective has led them to construct a blueprint for healthcare reform that seeks to create more competition in the funding and provision of health services to increase efficiency. It also provides incentives to encourage cost-consciousness among insurers and consumers. And it suggests a mechanism for funding a basic package of health services for all without rationing by price or queue.

Parts of the model are utopian - not least the idea of an omniscient risk adjustment fund that would be able to help competing insurers provide the basic package of services to all comers whatever their state of health. It is also difficult to define that basic insurance package - attempts in Oregon,

New Zealand and some parts of the UK have not been unqualified successes. And experienced health professionals may be unconvinced by the study's view that there is no need for regulation of the pharmaceutical industry in a competitive health system.

However, important elements of the model can be recognised in several countries' health reform programmes. A recent OECD study found that several European countries were converging in their health reforms in ways close to the proposed model. This suggests that the model is both workable and a target that countries could adopt in long-term structural reform strategies.

Shied away

Equally, the model provides a benchmark to evaluate reforms in progress in countries such as the UK, Germany and the Netherlands, and those to be launched next week in the US by President Bill Clinton. Many European countries have shied away from the model's idea of asking patients to contribute to their treatment. While the revenue raised can be modest, such payments encourage consumers to adopt more healthy forms of behaviour and discourage them from wasting health resources.

The UK health reforms have introduced greater competition between hospitals, family doctors and other health providers. But the only competition between the bodies that fund healthcare is on the margins, through the minority of family doctors who control their patients' health budgets. With the overall budget tight, a winter of hospital closures and lengthening queues for treatment is inevitable in the absence of alternative sources of funding.

As for President Clinton's package, it seems to achieve at least one important element in the industry's model with its promise of a universal healthcare scheme. However, it should also be judged by the extent to which it alters the incentives for doctors to over-treat, hospitals to over-invest and patients to demand ever more expensive services. So long as insurance is largely funded by employers, consumers will not have sufficient incentive to argue for efficiency and economy.

Curbing Europe's steel aid

THE EUROPEAN Community's private steel companies are getting nervous. They fear that the Commission may be preparing to support billions of Ecu in government aid to their state-owned rivals in exchange for only minimal steps to reduce the over-capacity which is bringing the industry to its knees. In the past week, the mostly private German steel industry has accused the Commission of going soft, while privatised British Steel has threatened to boycott EC-wide restructuring plans unless a tougher line is adopted.

The private steel groups' concern is understandable. Ideally, there would be a total ban on state subsidies. This is not merely because handouts are a waste of public funds. State aid also allows competitive unfairness against private manufacturers. Private companies may well ask what is the point of a single market if state groups are allowed to engage in such blatantly unfair trading.

Unfortunately, a total ban on aid is impossible. The bulk of the aid - to Italy's Ilva, Spain's CSI and Germany's Ekostahl - has already been sunk and cannot be clawed back. Moreover, it is unrealistic to expect the Italian or Spanish governments to close down their entire steel industries. The best that can be hoped for is that state groups will make the bulk of the capacity cuts that are needed to bring the market into balance and that the industry will be run on subsidy-free lines in future.

Difficult hand

Equally, private companies cannot really afford to boycott restructuring plans. The industry is haemorrhaging to the tune of Ecu4bn a year. The longer capacity cuts are delayed, the worse the position and the greater the likelihood of more private-sector bankruptcies. The only way forward is to rely on the Commission. The Commission in turn has a difficult hand to play, since it needs unanimous approval from the council of ministers for its decisions. The main fear is that the Commission will take an excessively soft line in order to close the dossier.

The main practical question is how well the Commission is

playing its difficult hand. Until Mr Karel Van Miert, the competition commissioner, puts forward firm proposals on the three big state aid cases, it will be impossible to give a definite answer. But at present, the signs are reasonably hopeful.

The main positive sign is that the Commission's hitherto strong line has forced all three states, in varying degrees, to embrace privatisation. Italy plans full privatisation. Spain has pledged that a new mill in the Basque region will be financed mainly by private capital, while the Treuhand, Germany's privatisation agency, has promised that private funds will be found for new investment in Ekostahl. The emphasis on private capital provides the best guarantee for a subsidy-free future.

Clearly inadequate

But there are still two concerns. First, will the state-owned steel-makers make sufficient capacity cuts to stop the need for future subsidies? Italy's proposal to focus its main cuts on a plant that has not been operating for two years is clearly inadequate. While Spain's plan to delay closures for two years is also suspect, it would be unacceptable if losses were allowed to continue for anything more than a short period after an overall restructuring plan was agreed.

Second, is the current emphasis on private capital genuine? Given the industry's overcapacity, it is unclear why rational private investors would want to build new capacity in Spain and Germany or even buy an existing debt-laden group such as Ilva. The natural fear is that governments will find backdoor ways to sweeten investment by private capitalists.

The council of ministers meets next week to debate these issues. Sensibly, the Commission has resisted the temptation to put forward formal proposals. Although this means that a deal will be delayed at least until November, that is better than rushing into an unsatisfactory one.

Nevertheless next week's meeting will be important. Pro-competition governments must insist that future handouts are stopped and not disguised under the cloak of privatisation. The Commission itself must be tough.

At the moment last year when European Community agriculture ministers came to vote on the long-awaited overhaul of the Common Agricultural Policy, Mr Ray MacSharry, the former EC farm commissioner, gave the Portuguese chairman then in charge of the Council of Ministers precise instructions on how to face down a threatened Italian veto. "You go in, you ring the bell, and whatever you do, you don't look up."

Italy was not convinced enough of its case to make a fuss as the endorsement went through. But the current French threat to veto Blair House - the EC-US farm trade accord reached last November in Washington and made possible by the CAP reform - is another matter.

As Mr Jean Puech, the French agriculture minister, reminded France's EC partners on Wednesday, the farm trade imbroglio could lead to a full-blown crisis in an already divided Community. The EC and its international trading partners need no reminding that Blair House is the foundation for hopes of building a successful world trade accord under the Uruguay Round of the General Agreement on Tariffs and Trade by the mid-December deadline. If Blair House crumbles, it would almost certainly bring the whole edifice of the Round down with it.

On Monday, therefore, foreign and agriculture ministers of the 12 meet in Brussels, in what will be a lengthy attempt to find out, first, what the French want, and second, to decide which demand can feasibly be pursued with the Americans. A majority of the member states, as well as the European Commission which negotiates trade deals on their behalf, rule out any reopening of Blair House. Washington already feels the EC got the better of the compromise, its negotiators have made clear.

But the centre-right government of Mr Edouard Balladur made an electoral pledge earlier this year to veto Blair House if it was not renegotiated. This commitment went rashly beyond the previous Socialist administration's refusal to sanction the farm deal, until it saw what was on the other side of the Gatt ledger - such as openings in services and enhanced market access for manufactures, areas in which France is respectively the second- and fourth-largest world exporter.

In essence, France opposes the accord's requirement to cut the volume of subsidised food exports by 21 per cent over six years, maintaining this will demand sacrifices of EC farmers beyond the severe price and production cuts agreed under CAP reform. The Blair House cuts, Paris insists, would destroy France's *vocation exportatrice* as the second-largest agricultural exporter

The whole Gatt edifice could be blown down if France vetoes the farm trade accord, says David Gardner

They'll huff and they'll puff...



René Steichen, EC agriculture commissioner; right, French farmers demonstrating against the EC-US farm accord



after the US, and turn swatches of rural France into a wasteland.

Isolated at first, Paris has pressured its partners into recognising it has a genuine political problem with its farmers, even if it is partly one of its own making. The French breakthrough came three weeks ago when Chancellor Helmut Kohl of Germany, presumably fearful of losing a Gatt deal, surrendering the traditional Franco-German axis, and sparking an EC crisis, offered France political cover by announcing that Germany too "had problems" with Blair House.

But since then, the EC side (including France), has tended to talk of "refining", "clarifying", "amplifying" and "interpreting" Blair House, rather than reopening it. The US for the most part has been eloquently silent. Amid the flurry of meetings in Washington and across Europe, hopes are thus rising that it will be possible to accommodate France. "I don't think there's that much room for manoeuvre, but there is some," Mr René Steichen, EC agriculture commissioner, said yesterday, warning, however, that "there will be a cost to pay for concessions in agriculture".

Part of the problem is disentan-

ing from the amorphous list of France's demands what are its strategic priorities and what is political window-dressing. "In our experience, you have to distinguish between the beetle cries and the strategic aims," says a senior German official. "They are not unrealistic people," he adds, "they know what is at stake."

France's strategic interest in agri-

France's strategic interest is to get its and EC farm prices down to world market prices

culture is to get its and EC farm prices down to world market prices, impossible in the past because they were pegged to low levels of German productivity. This aim should be achieved by 1997, by when the CAP reform price and production cuts Paris initially opposed will have taken hold. Its underlying priority is to ensure this scenario is fulfilled with no additional pain for its farmers. For if it is, France will be one of the most competitive producers in the world, and free to

export as much as it can without Blair House curbs. That is because at world price levels, export subsidies are redundant.

France's shopping list reflects this aim. It includes: ● Freedom to shift the bulk of the 21 per cent volume cuts to the end of the six-year period, by when, if all goes well, they will not be required. "I would say that is a contender," Mr Steichen says. The Uruguay Round "final act" spreads the cuts evenly over the six years, but that is a document still on the Gatt negotiating table; Blair House is vague on the matter.

● No export volume limits on food aid, current EC food stockpiles or value-added food products. Blair House places no restrictions on food aid, as Paris must well know. On stocks, a deal may be possible. But in any case, assuming a Gatt deal would not start until 1995, the production restraints in the CAP reform would by then have reduced the exportable food surplus well under the Blair House limits on subsidised exports. Grain stocks, now building up at half the rate of this time last year because of CAP reform, would be needed to fill the gap. Commission officials deem the added-value food products demand

"impossible", but point out that Blair House only covers "primary processed products" like flour and cheese.

● "Aggregation", meaning cuts applied to whole sectors rather than individual products, allowing France, say, to sell more cheese if it cut more than required on skimmed milk powder. "Not realistic," says Mr Steichen, given US rejection last year at Blair House.

● Guarantees that the export curbs will not deny the EC a share of any growth in the world food market, for example in China. This could be fudged since a growing market would raise world prices above EC target prices, freeing Europeans to export without subsidy.

● Safeguards that export curbs would be relaxed in the event of large and sudden movements in prices and currency parities. The problem here is that the safeguards could cut both ways, working against the EC if these movements were in its favour. But Blair House already contains provision for higher EC tariffs on incoming food if the dollar weakens 10 per cent beyond a parity with the Ecu fixed by the accord. France's quest for greater protection against cheap US cereals substitutes like corn gluten, however, looks hopeless, since the provision for EC-US "consultation" in the event of sudden surges was drafted by Chancellor Kohl's office, and France needs firm German support to get its deal.

● Extending the "peace clause", under which the EC and US would refrain from unilateral action against each other, beyond the six-year timetable. "That is a legitimate demand," says Mr Steichen, widely shared by France's partners.

Oo closer examination, therefore, a deal for France on agriculture may be attainable, especially as French demands become more polished by intensive diplomatic contact. "I think the French now have a feel for how far they can go," Mr Steichen says.

Complications, however, could arise outside the Gatt farm chapter proper, most obviously if Paris insists the EC should have the means to trade sanctions similar to those under US "301" trade laws. Bonn strongly opposes such a move. Less tangibly, much will also depend on how the process is managed, particularly on the European side, by Sir Leon Brittan, the EC's chief negotiator, and by Mr Peter Sutherland, Gatt director-general. "A disaster as a result of an accident is more likely than a disaster because of immovable positions," judges one German diplomat, who adds that the key, on Monday, "is not to give the French too much time".

EMS: time for some strong medicine

Reluctantly, Europe has entered the brave new world of the permissive European Monetary System. If the pundits are to be believed, two principles should now guide its monetary policies. Interest rates should be cut quickly and radically to counter the recession. And under no circumstances should governments tamper with the markets by imposing deposit requirements on foreign exchange transactions.

These two quite different points have one thing in common: both of them are wrong.

The concern with high unemployment that prompts calls for interest rate cuts is entirely appropriate. But central banks control discount rates, not market rates. Market rates are determined by investors. Investors will accept a lower interest rate on French than German bonds only if they expect the franc to appreciate. To reduce market rates, a government must make investors believe that its currency

is going to strengthen. They must push it way down now so it can recover later, allowing lower interest rates to boost growth.

Suppose that radical discount rate cuts push the franc to the bottom of its 15 per cent band, half of which has been used already. Why should investors believe that it will recover? If they expect the opposite, French interest rates will rise rather than fall. The desire for lower market rates will be frustrated. Rightly or wrongly, this is very much on the market's mind.

Indeed, long-term real interest rates - on which, investment most depends - have actually been higher in the UK and Italy, the two countries that depreciated their currencies last year, than elsewhere in Europe. To convince the markets that any depreciation is temporary, policymakers must first commit themselves to restoring an EMS with teeth. Only then will the markets know that depreciation today does not augur depreciation tomorrow. Only then will looser monetary policy be certain to succeed in cutting market interest rates and stimulating recovery.

If the single market is to be defended, there must be a move back to narrow bands. However justified the debate over monetary union, there is broad agreement over the benefits of completing the internal market. Exchange rate fluctuations of as much as 30 per cent menace this achievement by imposing on workers and companies in the affected sectors greater

If Europe fails to restore exchange rate stability, it will fail to complete the single market

and greater pain. The single market will be put at risk. The complaints of competitive depreciation following sterling and the lira's departure from the EMS last year underscore the threat. If Europe fails to restore exchange rate stability, it will fail to complete the single market. This is too high a price to pay.

But to restore 2.5 per cent bands, or even 5 per cent bands as pro-

posed by the monetary committee in July, would be "déjà vu all over again". If the last year has taught us one thing, it is that the EMS was flawed. Open capital markets are incompatible with pegged exchange rates, pure and simple.

This is why deposit requirements for institutions with open foreign exchange positions, like those used in Italy in 1987-88 and in Spain in 1992, are needed temporarily until the goal of monetary union is reached. The cost of non-interest-bearing deposits with central banks would be passed on to those borrowing a currency in order to sell it short. This is not a capital control; investors could still engage in any transaction they wished. But it would attach a cost to one-way bets against exchange rates and provide central banks the speculation they need to defend currency pegs.

Foreign exchange traders for too many years were degraded as a lower form of life. But neither are they a higher form of life. No practitioner would deny that financial markets are driven by hard instinct as much as careful analysis; this is why they are regulated with margin

requirements and circuit breakers. Since when do currency markets have a god-given right to be free of the sort of regulation to which other financial markets are subject?

What robs attacks on this proposal of their force is their failure to offer workable alternatives. The FT has recommended a faster move to monetary union or international monetary reform on a global scale ("Speculators as the scapegoats", August 17). Yet Germany has made abundantly clear its unwillingness to accelerate the Maastricht timetable. Hoping to solve the problem this way is whistling in the dark. The same holds for proposals to reform the international monetary system over a wider area.

It is time for serious medicine, not wishful thinking.

Barry Eichengreen and Charles Wyplosz

The authors are professors of economics at the University of California, Berkeley, and Insead, respectively

Austerity driver

Not content with ordering a public sector freeze at home, Kenneth Clarke is preparing to take the gospel of austerity across the Atlantic.

During his first attendance at the annual meetings of the International Monetary Fund and World Bank at the end of this month, Britain's chancellor will press for new action to increase efficiency and cut operating costs at the two organisations.

Staff salaries and allowances will be high in Clarke's line of fire. Britain is still smarting at having failed to block a 6 per cent increase in wage bills for pampered officials at the two Washington organisations earlier this year.

The British Treasury feels that it has already made some progress because World Bank president Lewis Preston has promised that next year's bank budget will be based on the assumption of zero real growth in operating costs.

But there are compelling arguments for putting still more pressure on the bank and IMF. Better cost control at the IMF and World Bank would assist the freeing of resources, in turn helping poorer developing nations at a time when national aid budgets are being squeezed.

And because Norman Lamont also took a tough line with the

Washington bureaucrats, Clarke would, for once, be doing something to meet the approval of his waspish predecessor.

Private pasta

Pietro Barilla, Italy's pasta and confectionery king, who died yesterday at the age of 80, was better known to sweet-toothed continental Europeans and South Americans than to Anglo-Saxons.

Business-hungry City of London bankers had long given up trying to gain access to Barilla's top-security Parma headquarters, more akin to a defence plant than a biscuit factory.

Even the toughest food industry multinationals despaired of ever talking over the family-owned business, which now sells more than £3,300bn worth of biscuits, foods and cakes a year.

Barilla, set up in 1877 by Pietro's grandparents, is a prime example of the sort of private company which would add lustre to the plintised Milan bourse, were it quoted.

But having once sold a majority stake to a multinational - America's WR Grace in 1968 - only to buy it back 11 years later, Barilla was determined never to lose control again.



"I hope I don't get used as kindling in a bonfire"

Formula 1 racing driver, has also recently joined.

Indy chief

Patrick Morrissey, the newly appointed chief executive of Newspaper Publishing group, currently engaged in a bitter cover-price battle with Rupert Murdoch's News International, was feeling rather circumspect yesterday.

Andrew Whitman Smith's decision earlier this year to step aside as chief executive and devote more time to the task of editing The Independent, the daily

newspaper he and two former Daily Telegraph colleagues launched in 1986, surprised some media-watchers. For one thing, there were no immediately obvious candidates to follow in his footsteps. The headlines got to work.

One firm, Tzack and partners, had already approached some younger candidates before Morrissey, who is 62, was finally selected.

Tzack conversed with one budding newspaper tycoon, who was rather piqued to be informed that the salary was in the region of £85,000 - a sum he considered rather paltry for the job.

Morrissey yesterday told Observer he did not wish to discuss the terms agreed between himself and Newspaper Publishing. Nor would he be drawn on how he plans to combat Murdoch's swarthy price-slashing Times, now only 30p against The Independent's 45p.

"I think it's a very interesting new tactic in the market," he said - quite an independent view, given Whitman Smith's recent tirades against Murdoch's marketing.

Jumping ship

Greece's election campaign is only four days old but the government's senior economic advisers are already deserting. Their departure is taken by some as confirmation that prime minister Constantine Mitsotakis's

conservative New Democracy party faces defeat on October 10.

Miranda Xafa, economic adviser to Mitsotakis, is returning to the IMF. She says two years of battling against politicians and central bank officials have sharpened her enthusiasm for dealing with "difficult economies".

Nassos Zambaras, mainstay of the government's privatisation office, has signed on with N M Rothschild, the government's main adviser on privatisation.

Peter Doukas, the fast-talking finance undersecretary, is returning to Citibank. George Alogoskoufis, a former London University economics professor, plans to combine a job at Athens University with some private consulting.

All four are now headed for jobs paying considerably more than a Greek civil servant's salary.

Card carrying

Is your business card collection a monstrous heap spilling on to the floor? Don't worry, it's just the recession.

Demand for business cards peaks during a slump, according to a study by Rolodex, the US card company.

The theory is that sales staff have to work harder (and give out more cards than usual) and reluctant executives are busily "networking" (and giving out more cards). Life must be very confusing for the sales rep selling business cards.

Bundesbank attacks 'innovative' practices Gaddum urges return to basic banking methods

By Christopher Parkes
in Frankfurt

THE "INNOVATIVE" practice of financing capital investment with short-term borrowings came under heavy fire yesterday from Mr Johann Wilhelm Gaddum, vice-president of the Bundesbank.

Urging a general return to more traditional methods, still predominant in Germany, he said it was no accident that the Bundesbank's interest rates policy found more support at home than in countries where investment was suppressed by over-dependence on short-term rates.

"No one should conclude that it is the central bank's job to correct this inappropriate financing structure. The result should be reconsideration of the rules for industrial and construction financing," he told a bankers' meeting in Bremen.

Mr Gaddum, who takes office at the end of this month, appeared to be drawing a new line of defence against criticism of the Bundesbank's snail-paced reduction of its short-term discount rate.

While there has been some

domestic pressure from business for faster easing of monetary policy in the past 18 months, it has been relatively muted. Some 80 per cent of all corporate lending in Germany is made at long-term rates.

Financial markets in all western countries had been flooded with so-called innovative ways of packaging and guaranteeing financing in recent years, Mr Gaddum said. These had led people to ignore the traditional basic rules. "For me these include the rule that long-term investments must also be financed over the long-term."

"Countries which have been more open to these innovations than Germany have had to learn costly lessons. The money market, that is the market for short-term money, is and remains the central banks' field of operations," he said.

Banks which had freedom to manoeuvre with their short-term rate policy could easily counter speculation which had no real economic grounds, he said.

But if such room for action was limited recent events - speculative pressure on European currencies which led to the effective

suspension of the European exchange rate mechanism - could easily be repeated.

Mr Gaddum said monetary policy could not be blamed for the industrialised world's problems. Unemployment and public sector debt, which rose from one economic cycle to the next, reflected structural economic and social weaknesses.

"One cannot avoid the impression that the all too frequent attempts to blame monetary policy for blocking recovery are attempts to divert attention from inappropriate decisions on pay, social policy and state spending," he said.

The Bundesbank, which has pressed vigorously for a rethink on these issues within Germany, returned to the theme in its September monthly report, published today.

Noting a considerable deterioration in public budgets, the report said the total year-end deficit could be worse than expected. Including off-budget borrowings by the post office, railways and the Treuhand privatisation agency, it could reach DM230bn (\$141.9bn), equivalent to 7.5 per cent of gross domestic product.

Balladur calls on industry to minimise job cuts

By John Ridding in Paris

MR EDOUARD BALLADUR, the French prime minister, yesterday urged industry to minimise job cuts and to avoid using redundancies as the "easy solution" to difficult economic conditions.

His appeal came the day after the announcement or confirmation of about 13,000 job cuts by French companies, described by the French press as "Black Wednesday".

The series of redundancies, principally affecting public sector groups, represents a blow to the government's attempts to curb unemployment growth. The rate of unemployment, now at about 11.7 per cent, is expected to reach 12.5 per cent by the end of the year, according to Insee, the national statistics office.

Mr Balladur expressed concern at growing redundancies in French industry and said that "a modern and human economy cannot have as its sole objective the obtention of financial efficiency". He said industry must also take account of "the social dimension" of employment decisions.

An official at the prime minister's office said Mr Balladur's comments were directed mainly at public sector companies. But the prime minister also said private companies should only cut jobs "as a last resort".

The single biggest announcement of job losses this week came from Air France, the loss-making state-owned airline. The company said its financial situation had led to the decision to cut 4,000 jobs, almost 10 per cent of its workforce, by the end of 1994.

Snecma, the state-owned maker of aircraft engines, announced it would cut the equivalent of 775 full time jobs in 1994. Bull, the computer group, confirmed an earlier decision to shed 6,000 jobs, including 2,850 in France, by the end of next year, while Thomson-CSF, the defence electronics group, confirmed plans for 1,700 job losses in the same period.

The wave of redundancies is not confined to the public sector, nor is it likely to end with this week's announcements. Peugeot-Citroën, the private sector car manufacturer, is expected by industry observers to announce more than 4,000 job cuts next week in response to the depressed European car market.

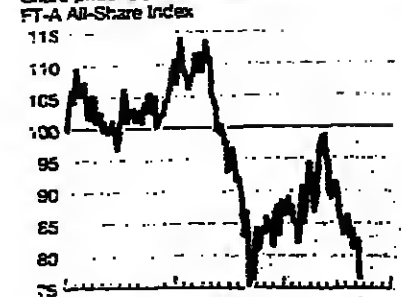
THE LEX COLUMN

Broken biscuits

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United Biscuits

Share price relative to the FT-A All-Share Index



Source: FT Graphs

motivated interest rate cuts in his resignation speech.

In their desire to sober up after the violent reaction to Wednesday's inflation data, the markets may have overlooked the other message in the unemployment figures. Average manufacturing earnings are still growing at 5 per cent, while the improvement in both unit labour costs and productivity has slowed. The latter may be a statistical consequence of this week's revision of manufacturing output, but lower production only makes the earnings data all the more disappointing. At any rate manufacturing earnings are hardly compatible with the inflation miracle which the gilts market has been promising itself. Markets generally may be in for a rough ride as this realisation sinks in.

UK economy

The foreign exchange market seemed determined to look on the bad side of yesterday's UK unemployment data. If August's 5,500 rise in the jobless total really is a signal that the recovery is weakening, the chances of a rate cut have presumably increased. That supposition, together with Mr Norman Lamont's new onslaught on the prime minister, was enough to send sterling lower. Whether there is much logic in this view is another matter.

Unemployment has risen slightly in each of the last two months but it is still 70,000 below January's seasonally-adjusted peak. Mr Major may have taken another knock from his former chancellor but he has little to gain by reaching for the interest rate lever in reply. Mr Lamont himself blocked this route by warning against politically-

RMC

Price rises in UK building materials are finally sticking. True, the modest increases achieved by RMC stem from attrition among producers rather than higher volume. With cement prices rising as well, not all of the increases in concrete and aggregates flow through into profits. Still, the company is taking the opportunity to rebuild margins. Having seen UK operating profits hit a trough in the previous six months - at £1.4m on turnover of £400m - that is not before time.

While construction activity remains depressed, further margin gains will be hard-won. Since RMC is shy about the breakdown of profits in its UK business - which includes the Great Mills DIY chain - the benefits of a housing market revival are also difficult to predict. With more than half of

turnover and profits coming from Germany, though, the bigger risks and rewards might lie elsewhere.

The hope is that profits from RMC's £500m investment in eastern Germany will rise faster than western Germany declines. So far the picture is encouraging. Cheap Polish imports have not affected prices much. Despite falling back in the first half, construction activity in the west is holding up. Meanwhile RMC benefits from tax breaks for investing in the east which are not fully reflected in its reported 25 per cent tax charge. Even at this stage of the cycle and with its Berlin investment in progress, RMC has room to buy growth. The aggregate business earmarked for demerger by English China Clays springs immediately to mind.

Dixons

For Dixons it is a case of YES or no. The company has finally got rid of its recently renamed US subsidiary Your Electronic Superstore. YES is better known as Silo, in which guise it has cast a long shadow over Dixons' shareholders.

In selling YES/Silo to the Fretter group - whose subsidiaries include the quirkily-named Fred Schmid Appliances & TV Co and Dash Concepts - Dixons is at least capping the losses which have made its detour into the US such a disaster. Since YES is being sold as a going concern, Dixons avoids the large hole that would have been punched in its net worth by the costs of closure. While Dixons loses some assets, the 30 per cent of Fretter's shares which it acquires in return limits the write-off to £19.8m.

Fretter's retiring family shareholders get a cash payment equal to the current market value of its shares. Yet since that is less than the net asset value of the company before merger, a combination of the assets put into the enlarged Fretter group give the management a decent chance to make a go of the business. If it works, Dixons' equity stake will give it a chance to make money, but potential further losses are limited to the \$50m holding value of the investment.

Much Dixons management time has been wasted in the US trying to find a solution to the problems of Silo. That effort can now be usefully redirected towards the UK. Ironically, Dixons only bought Silo when it failed to get Kingfisher. When Kingfisher failed to get Dixons, it bought Darty in France. But that, of course, is a different story.

Brussels tries to defuse row over controls on speculators

By Lionel Barber in Brussels

THE European Commission yesterday mounted a damage limitation exercise after the call by Mr Jacques Delors for new rules to combat speculative attacks on European currencies.

Amid fears that Mr Delors was advocating the reimposition of capital controls, Brussels officials insisted that the Commission president's comments to the European parliament had been misinterpreted.

Mr Bruno Dethomas, chief spokesman, said: "He was not calling for the reintroduction of capital controls, he was merely calling for a debate."

In his speech to members of the parliament in Strasbourg on Wednesday, Mr Delors likened currency movements to traffic. "Cars are free to drive but they are subject to traffic rules. I see no reason why at international level we should not study means

of limiting monetary traffic."

The European Commission usually avoids public comments on monetary matters for fear of upsetting the currency markets. But Mr Delors' call for measures to tighten controls on currency speculators has been echoed in recent weeks by the French and Belgian governments whose currencies have suffered from the upheaval in the European Monetary System.

An EC official said Mr Delors wanted to strengthen the European Monetary System, possibly by "changing the rules of the game" in foreign exchange trading. One idea would be to restrict the ability of financial institutions to take highly leveraged positions in the options and futures markets, possibly by requiring a deposit to be lodged during the transaction.

"There is a feeling that the forex markets are operating under less strict rules than, say,

the commodity markets," said one Brussels official. The matter is now to be examined in an internal Commission study.

Another option raised by Mr Delors is to make use of the "safeguard" clause under Article 3 of the EC capital movement directive.

This allows a member state to impose protective measures for up to 180 days to deal with adverse currency movements affecting their exchange rate and monetary policies.

However, these emergency measures, which are subject to approval of the European Commission and the opinions of the EC monetary committee and central bank governors, have never been formally invoked.

The temporary controls introduced last year by Ireland and Spain were invoked under special transitional arrangements under the capital movement directive, an EC official said.

Dismay at Japan's \$58bn spending package

Continued from Page 1

Mr John Major, UK prime minister, begins a visit to Tokyo at the weekend.

Among yesterday's proposals are reductions or removal of state controls on 94 areas of economic activity.

Among the most important are

a review of Japan's anti-monopoly law to discourage cartels; simpler standards and certification procedures for imports; recognition of international standards on building materials; and more flexible rules on the types of bonds companies may issue in Japan.

Plans to pass on the benefits of

the stronger yen to consumers include temporary cuts in electricity bills worth an average of ¥800 a family a month. Cheaper domestic air fares for families and a 2 per cent cut in international phone bills are also put forward.

The yen's increase has started to feed through to a fall in import

prices, according to a government report yesterday. It said prices of 34 out of 35 imported goods surveyed, including whisky, cars, and beef, declined over the first six months of the year.

The package allocates slightly more cash than government officials had earlier indicated.

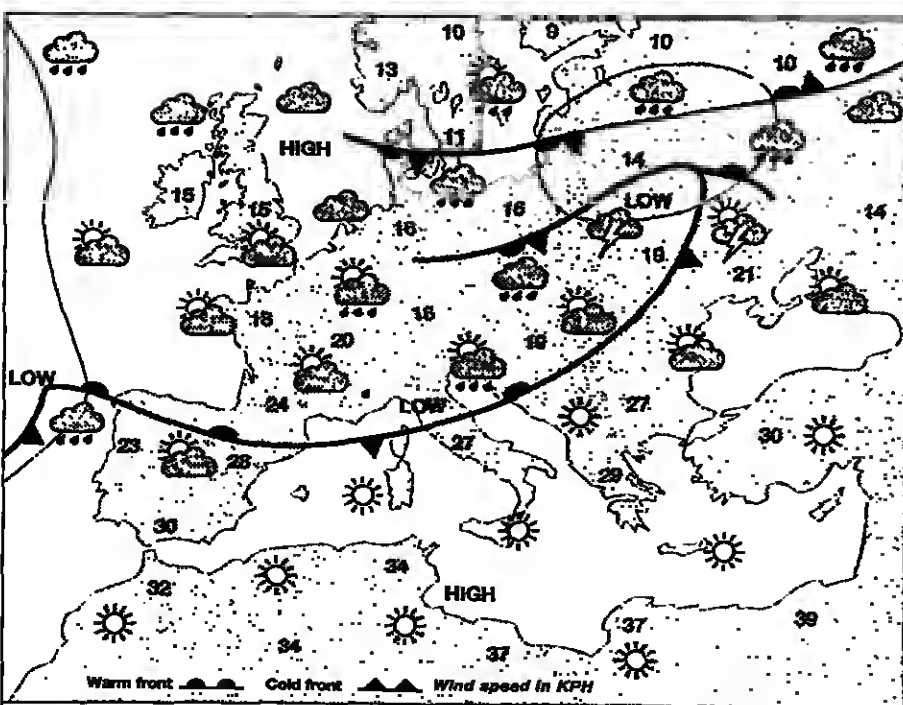
FT WORLD WEATHER

Europe today

Weakening low pressure over north-east Europe will bring cool and showery conditions from Germany to Lithuania. Overcast skies and patchy rain will prevail from southern Sweden to the Baltic States. Further west, the Benelux and northern France will remain cool but a ridge of high pressure will produce sunny spells and long dry periods. However, there will be a few showers. Northern Scandinavia will be dry with sunny spells and mainly high clouds. The Alpine countries, Hungary and southern CIS-states will have some clouds and only isolated showers. Most Mediterranean countries will remain sunny. The highest temperatures will be in Greece and the former Yugoslavia where afternoon readings will be near 35C. Spain will have some high clouds drifting in from the north-west and some afternoon rain.

Five-day forecast

Improving conditions with higher temperatures and more sunny spells will occur over the Benelux, Germany and the British Isles. After the weekend, high pressure will move east while an active low pressure system off the Atlantic will slowly lower temperatures and bring wind and rain to the British Isles and northwest Europe.



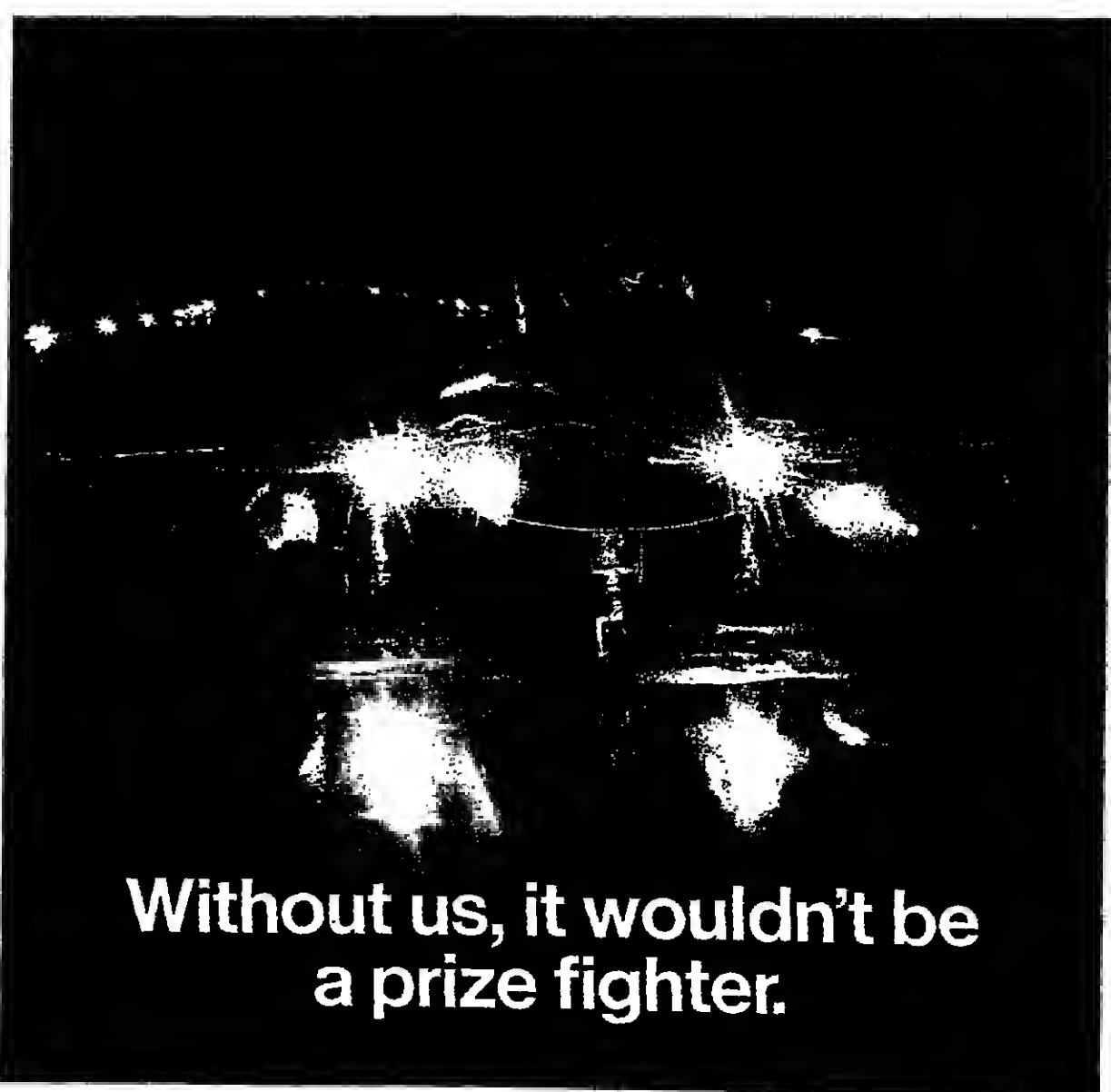
Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum	Minimum	Forecast	Maximum	Minimum	Forecast	Maximum	Minimum	Forecast	Maximum	Minimum	Forecast
Abu Dhabi	30	cloudy	15	10	cloudy	Frankfurt	18	12	cloudy	15	10
Accra	30	cloudy	15	10	cloudy	Geneva	18	12	cloudy	15	10
Algiers	30	cloudy	15	10	cloudy	Glasgow	18	12	cloudy	15	10
Amsterdam	15	cloudy	10	5	cloudy	Hamburg	18	12	cloudy	15	10
Athens	30	cloudy	15	10	cloudy	Helsinki	18	12	cloudy	15	10
B. Aires	30	cloudy	15	10	cloudy	Hong Kong	28	22	cloudy	25	19
Bombay	30	cloudy	15	10	cloudy	Honolulu	28	22	cloudy	25	19
Buenos Aires	30	cloudy	15	10	cloudy	Istanbul	28	22	cloudy	25	19
Calcutta	30	cloudy	15	10	cloudy	Jersey	18	12	cloudy	15	10
Cairo	30	cloudy	15	10	cloudy	Karachi	28	22	cloudy	25	19
Cardiff	15	cloudy	10	5	cloudy	Kuala Lumpur	28	22	cloudy	25	19
Chennai	30	cloudy	15	10	cloudy	Las Vegas	28	22	cloudy	25	19
Cebu	30	cloudy	15	10	cloudy	London	18	12	cloudy	15	10
Dhaka	30	cloudy	15	10	cloudy	Lyon	18	12	cloudy	15	10
Dubai	30	cloudy	15	10	cloudy	Madrid	28	22	cloudy	25	19
Dublin	15	cloudy	10	5	cloudy	Manila	28	22	cloudy	25	19
Edinburgh	15	cloudy	10	5	cloudy	Medan	28	22	cloudy	25	19
Farø	15	cloudy	10	5	cloudy	Montreal	18	12	cloudy	15	10
Frankfurt	18	cloudy	12	7	cloudy	Moscow	18	12	cloudy	15	10
Geneva	18	cloudy	12	7	cloudy	Mumbai	28	22	cloudy	25	19
Glasgow	18	cloudy	12	7	cloudy	Nairobi	28	22	cloudy	25	19
Hamburg	18	cloudy	12	7	cloudy	Naples	18	12	cloudy	15	10
Helsinki	18	cloudy	12	7	cloudy	Nassau	18	12	cloudy	15	10
Hong Kong	28	cloudy	22	17	cloudy	New York	18	12	cloudy	15	10
Honolulu	28	cloudy	22	17	cloudy	Nice	18	12	cloudy	15	10
Istanbul	28	cloudy	22	17	cloudy	Nicosia	18	12	cloudy	15	10
Jersey	18	cloudy	12	7	cloudy	Osaka	18	12	cloudy	15	10
Karachi	28	cloudy	22	17	cloudy	Paris	18	12	cloudy	15	10
Kuala Lumpur	28	cloudy	22	17	cloudy	Perth	18	12	cloudy	15	10
Las Vegas	28	cloudy	22	17	cloudy	Prague	18	12	cloudy	15	10
London	18	cloudy	12	7	cloudy	Rangoon	28	22	cloudy	25	19
Lyon	18	cloudy	12	7	cloudy	Reykjavik	18	12	cloudy	15	10
Madrid	28	cloudy	22	17	cloudy						
Manila	28	cloudy	22	17	cloudy						
Medan	28	cloudy	22	17	cloudy						
Montreal	18	cloudy	12	7	cloudy						
Moscow	18	cloudy	12	7	cloudy						
Mumbai	28	cloudy	22	17	cloudy						
Nairobi	28	cloudy	22	17	cloudy						
Naples	18	cloudy	12	7	cloudy						
Nassau	18	cloudy	12	7	cloudy						
New York	18	cloudy	12	7	cloudy						
Nice	18	cloudy	12	7	cloudy						
Nicosia	18	cloudy	12	7	cloudy						
Osaka	18	cloudy	12	7	cloudy						
Paris	18	cloudy	12	7	cloudy						
Perth	18	cloudy	12	7	cloudy						
Prague	18	cloudy	12	7	cloudy						
Rangoon	28	cloudy	22	17	cloudy						
Reykjavik	18	cloudy	12	7	cloudy						

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RECRUITMENT

JOBS: Teenager's remarkable abilities raise possibility that the exception is the same as the rule

Why established theory is now suspect

IF readers get a spare minute for reflection in the next few days, the Jobs column would appreciate your thoughts on a perplexing question.

After all, there have been several times these past two decades when you have solved a problem that baffled the experts in the field. An example was your coup in decoding the medieval spelling of a town's name, which had defeated the French historian Professor Bartolomé Bennassar.

Today's challenge surely ought to be easier because it calls for no comparably specialised knowledge. Indeed, although the problem is central to the cultural as well as monetary wealth of nations, its nub lies in something you all achieve daily in your work. The question is: how do people do skilled things?

True, despite its apparent simplicity, it is a question many august thinkers have examined without finding a cogent answer. But that may be because they are blinkered by their own theoretical presuppositions, and so looking for it in the wrong place - or so I'm beginning to suspect, at least.

What awakened the suspicion was a report in the white Times newspaper last Monday on an autistic 19-year-old. Since only a

few of you are likely to have seen the report, I'd better outline the case by adding that his name is Stephen Wiltshire, and in his largely speechless lifetime he has rarely shown an interest in the world around him, and still less any ability for most of the things normally studied in schools. While specially trained teachers eventually taught him to read and write, he never did either unless his tutors sat prompting him by his side.

Then one day he surprised them by starting to portray them in wickedly observant cartoons. Nor did his talent for drawing stop there, for it turned out that after little more than a glance at complex architectural plans, he could go away and reproduce them line for line.

That alone failed to strike the egg-head professions as world-shaking because theory has long had a name for people with some singular capacity like his. The name is *idiot savant*, defined as "people of subnormal intelligence who nonetheless show remarkable talent in a restricted field such as

memorising or rapid calculation."

But the youngster has now chipped a crack in the egg-heads by doing something which they evidently cannot account for. He has revealed another impressive talent. After just listening to a piece of music, he can identify the sequence of chords of which it is composed - and since that ability is in an entirely different field from his talent for drawing, the experts do not know how to explain it.

What I would like to know, on the other hand, is whether readers whose skills are more practical than theoretical likewise find the phenomenon inexplicable. If so, I beg to differ. Although it clashes with present theory, it strikes me as readily comprehensible. The prime reason is that, in themselves, the young man's talents are less than extraordinary let alone unique.

Now, that is not to belittle him. As he has two of them to count on, his high-level skills certainly outnumber mine. OK, I perhaps don't yet quite fall under Lyndon Johnson's lampooning

description of Gerald Ford as being unable "to fart and chew gum at the same time". But there is only one thing I can claim to do at a level anywhere near remarkable - or I hope so at any rate - and that's communicating in written English.

Even so, while most of us can't do the things Stephen Wiltshire does, an appreciable minority of people can. Besides, the abilities he exercises in doing them are no more extraordinary than those required by numerous practical activities, managing a workforce being a case in point.

Hence the stumbling block preventing the experts from explaining his achievements would seem to lie in the theory, and especially in the first part of the definition of an *idiot savant* - the bit that assumes him to be "of subnormal intelligence". And the justification for including him in the said category is surely that he has not shown the sort of capacity which established theory deems to be indicative of at least normal intelligence, including an ability to learn the

things which customarily make up the school curriculum.

Indeed, so strong is the grip of the theory that if he had shown the academic type of ability, it is unlikely that the experts would think anything even needed to be explained. They would simply look on the boy as much like themselves at his age: as a person of more than adequate general intelligence, with one or two particularly pronounced skills. Moreover, most other people who have succeeded in conventional education would probably take the same view without pause for thought.

But the powerful hold of the theory doesn't make it right. On the contrary, the apparent fact that it fails to explain young Stephen's skills is *prima facie* evidence that the theory is wrong.

Nor is it the only reason for supposing that, far from being an exceptional case, he may do what he does in essentially the same way as such things are done by folk who succeeded in education. For, if readers reflect on how you do your own work, I'd guess that

most of you will be inclined to agree that your decisive abilities, even though dependent on use of the mind, are often of an intuitive kind rather than of the sort demanded by academic curricula. If you don't, then I am keen to hear of it. But I hope that besides telling me I'm daft, you'll spell out your grounds for saying so in as much detail as you have time for. Should it turn out that my ideas on the matter are wrong, I'll of course admit as much as soon as practicable.

In the meantime, however, I'm sticking to my hypothesis that it is mistaken to believe that the capacity to succeed in scholarly exams is indispensable to highly intelligent action, including the making of active judgments as well as direct operations on the outside world such as motivating other people. And what I see as the main flaw in that belief is the assumption, which can be traced back at least 350 years to the philosopher René Descartes, that the way people do mentally skilled things is necessarily by first planning out intellectually

how they are going to do them, then putting the plan in their skull into effect as if they were following a detailed blueprint.

No doubt there are some kinds of expert work which can be done by that two-step method. But as I reported 10 weeks ago, my talks over the years with hundreds of highly skilled people - including theoretical researchers - suggest that the large majority operate differently. With few exceptions, they rejected the idea that they first thought and then acted in distinguishable stages. Their most decisive thinking was somehow embedded in the doing, and could not be separated from it.

Accordingly, I feel it is high time the experts scrapped their theoretical presupposition that the talents of people like Stephen Wiltshire are freak deviations from the normal rule governing human expertise. It would be better to concentrate on highly skilled operators who are deemed normal, and identify how they actually do their work with a view to discovering whether or not the established theory is a counter-productive, not to mention enormously expensive, distortion of reality.

Michael Dixon

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Clare Peasnell on 071 873 4027

Philip Wrigley on 071 873 3351

Director of Development

SALARY CIRCA £39,500 to £42,000

We need a new Director of Development following the retirement of our present Director, Jack Burgess. The Development Department's role is to safeguard and develop Shetland's existing industries and to actively encourage the establishment of permanent new industry, including new oil related industry, in the islands.

The Director will manage the development and implementation of economic policies and the provision and monitoring of economic development information, advice and funding by the Council to improve the competitiveness of the Shetland economy. The resources to assist the Director will include a significant development fund and part of the responsibility is to ensure the healthy growth of that fund through investment and other initiatives.

Applicants should be educated to degree level in a business related discipline and have a proven track record in a varied business development environment. Good management skills and the ability to solve problems in a creative and flexible way are essential.

As this post carries an essential car user allowance, applicants should possess a full current driving licence and have a suitable vehicle for use in their employment. For an informal discussion concerning the post please contact Malcolm Green, Chief Executive, on Lerwick (0595) 3535, ext. 200 or Jack Burgess, Director of Development, on extension 340.

The closing date for receipt of applications is 1st October 1993. For further details of the post, our attractive recruitment package and an application form please phone FREE on 0800 83 83 89 or write to the Personnel Section, Shetland Islands Council, 17 South Road, Lerwick, Shetland ZE1 0RB.

SKETLAND ISLANDS COUNCIL



AN EQUAL OPPORTUNITIES EMPLOYER

BANKING FINANCE & GENERAL APPOINTMENTS



The World Bank

The World Bank is the leading international institution in the field of economic development for developing countries. As we expand our activities in the areas of Private Sector Development and Finance, uniquely challenging opportunities exist in a multi-cultural environment at our headquarters in Washington, DC, USA.

Candidates in either area must have an advanced degree/training in Finance, Economics or Business, and excellent communication (written and oral) skills. Proficiency in English is essential. Relevant experience in developing countries and fluency in French, Spanish or Russian is preferred. Compensation package includes expatriate benefits and is internationally competitive. Professional women are particularly encouraged to apply. Interested candidates should send a resume to: The World Bank, Attn: (include appropriate Sector code), Recruitment Division, Room 0-4137, 1818 H Street, N.W., Washington, DC 20433, U.S.A. within 30 days.

PRIVATE SECTOR DEVELOPMENT

Requires 5-10 years of private sector development experience in a management consulting firm, investment or commercial bank, privatization agency, public regulatory body or other related organizations, and to include one or more of the following areas:

- Restructuring, commercialization and privatization of state-owned industrial enterprises and utilities;
- Business development, support and/or financing for small and medium enterprises; export promotion and finance;
- Regulatory economics including incentive and competition policies;
- Private provision of infrastructure and public services;
- Regulatory institutions to promote private business.

Sector Code: PSD Search/FT9

FINANCIAL SECTOR DEVELOPMENT

Requires at least 10 years senior leadership experience in one or more of the following areas:

- Central/commercial banking or regulatory agency;
- Securities market policies and practices including regulatory and supervisory framework;
- Portfolio management practices and experience in sales and/or trading in the fixed income markets of the U.S., Europe and Japan;
- Micro-institutional work and ability to integrate work within macro-financial policy framework.

Specific opportunities exist for: Financial Economists; Investment Specialists; Commercial Banking Specialists; Securities Market Specialists and Financial Sector Specialists (Supervision & Regulation, Housing, Rural and Municipal Finance).

Sector Code: FSD Search/FT9

Merrill Lynch International Bank Limited Credit Administrator London

Our client, MLIB, is responsible for providing private banking services to high net worth clients throughout the world. Reporting to the Senior Credit Officer, a further credit professional is to be added to the existing team to implement centralised global credit and risk management policies and procedures. The successful applicant will be competitively remunerated including a full benefits package.

THE APPOINTMENT

- Key role in the credit approval process through evaluation and approval of credits and supporting collateral.
- Direct involvement in daily administrative role of department, supporting business development for Bank's London and worldwide offices.
- Provision of support to Senior Credit Officer in reviewing credit, collateral, procedural, administrative and product issues.

Please apply in writing with a full CV and salary details, quoting reference 1003/S, to Susanah Truswell.

THE REQUIREMENTS

- A graduate with a minimum of five years' background in credit and risk analysis, with a bank, insurance company or rating agency.
- A sound understanding of financial markets and products, exposure to secured lending and experience of processing and reporting credit issues.
- Highly motivated team player with excellent interpersonal and communication skills and the ability to thrive in a high pressure environment.

K/F Associates, Pepys House, 12 Buckingham Street, London WC2N 6DF.

K/F ASSOCIATES
Selection & Search



RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

Challenging opportunity with prospects to head-up this section within 3-6 months.

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EUROBOND SALES

£20,000-£60,000 PLUS
+ BONUS + BANKING BENEFITS

CITY

CAPITAL MARKETS SUBSIDIARY OF A MAJOR JAPANESE BANK

We invite applications from candidates who must have had at least 1 year's experience of selling Eurobonds and other products to key European institutional clients. A second European language whilst desirable is certainly not essential. As part of a small team the selected candidates will be to sell Eurobond and other products both to the company's existing client base and to contacts which the successful applicant will be expected to introduce as new business to the company. Essential qualities are business flair, the positive sales ability to drive forward further this key activity and the ability to make an immediate impact. Whilst it is envisaged that the initial base salary will be in the range of £20,000-£60,000 a higher figure may be paid if needed to attract the best talent in the market. There will also be a bonus, non-contributory pension, PPP, mortgage subsidy, personal loans scheme. For this appointment we are particularly keen to hear from candidates in strict confidence by telephone on 071-638 4884 or alternatively written applications under reference ES25024/FT will be forwarded to our client. If there are any companies to whom you do not wish your application to be sent, these should be listed in a covering letter and the envelope marked for the attention of the Security Manager: CJRA.

Major Pension Fund

UK Equity Manager

Age 26/32

We have been asked to help find an experienced investment professional to assume major responsibility for the management of the Fund's UK Equity Portfolio which is currently worth over £500 million.

This is an important appointment within a well known Pension Fund which is currently managed by a small and successful team dedicated to achieving good long term returns.

Ideally, we seek a graduate with proven experience of UK equities as an investment analyst or portfolio manager. Possession of the IIMR qualification would be an advantage. Our Client offers considerable freedom of action and

responsibility, and looks for a candidate who will contribute both expertise and enthusiasm to the Fund. This will include input into overall strategy, asset allocation and stock selection.

The person appointed will be expected to develop and maintain relationships with major brokers, research houses and other sources of information. Good communication skills at a high level will be needed when visiting individual companies.

A competitive salary is offered, plus car and other benefits. Please reply in the first instance to Keith Fisher quoting Ref. 1126 at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 071-248 0355. Fax: 071-489 1102.

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City

Opportunity for outstanding individuals, with up to 4 years' experience in City-based financial services, to join this prestigious institution. Previous equities experience not essential.

THE COMPANY

- James Capel & Co is a leading international securities business and a member of the HSBC Group.
- Pre-eminent in equity research and major player in international equity sales and trading.
- Culture is dynamic, standards exacting and people high calibre.

THE POSITIONS

- Positions exist in UK, European and international divisions.
- Training and development plan tailored to individual needs.

QUALIFICATIONS

- Exceptional graduates. Either 2 - 4 years' experience in blue-chip financial services environment or newly qualified ACAs.
- Creativity, initiative, maturity and track record of achievement. First class communication skills.
- Ability to learn fast and flourish in meritoric, fast moving and demanding business. International outlook vital. Language skills an advantage.

Please send full cv, stating salary. Ref M2331
NBS, 54 Jermyn Street, London SW1Y 6LX

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NBS

London 071 493 6992 - Slough 0753 819227
Bristol 0752 291142 - Glasgow 041 204 4334
Aberdeen 0224 638680 - Edinburgh 031 225 2250
Birmingham 021 233 4656 - Manchester 0625 539953

Utility Industry Business Analyst

London

Good Package

Our client is a global financial services institution which has a reputation for excellence. The London office is expanding due to growth in demand for its services and this has created an opportunity within the Public Sector Group.

They now seek an individual to analyse and evaluate the financial health and credit quality of utility companies and to maintain relationships with these companies in the UK and elsewhere.

The work will involve meeting regularly with senior management and following industry developments. Additionally, to successfully evaluate the utility companies, the candidate will need to analyse not only their financial profiles but also their operations and competitive positions, as well as the implications of such external factors as the regulatory environment and government policy towards utilities.

The successful candidate will be a graduate, preferably in public policy studies or economics, with experience in or with the utility sector or its regulatory bodies.

Familiarity with technical aspects of a utility sector would also be advantageous. Due to the high profile of the role, applicants must have excellent written and oral communication skills, strong interpersonal skills and be a confident self-starter. Basic financial analytical skills are essential and European language skills would be of benefit. This is an exciting position for someone with a keen interest in the utilities sector.

There are several avenues for diversification within the role and for the right individual, good progression in terms of responsibility and position is anticipated.

Our client will offer an attractive remuneration package based on a generous basic salary which will entirely reflect experience.

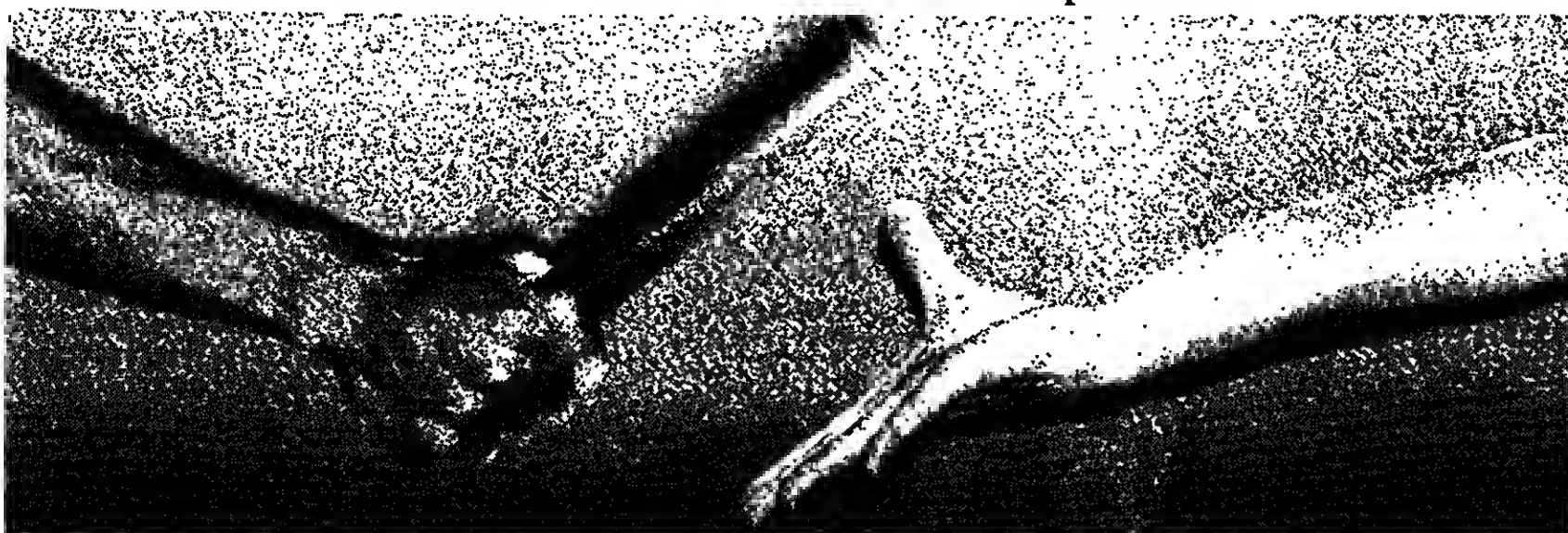
Interested applicants should contact Karina Piesch on 071 831 2000 or write enclosing a full curriculum vitae to Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page City

International Recruitment Consultants
London Paris Amsterdam Düsseldorf Sydney

Consultants in Business Performance Improvement



A vital link in a winning team.

Our clients know that even the best track record is there to be broken. No matter how good the company, no matter how well it has performed in the past.

Improving on that performance depends on the collective talent of the team who take on the challenge. As a consultant within our Financial Services Division, you will be a vital part of a cross functional team which works with leading financial institutions in the continuing quest to achieve improved business performance and profitability.

You will be helping clients restructure and manage change to meet the demands of increasingly competitive markets, enabling them to offer enhanced customer service at a substantially reduced cost. You will join a team which combines a broad range of skills and experience with the ability to apply the latest management thinking and

techniques in response to those clients' needs.

Increasing demand for our services means we need to expand our team with articulate professionals, experienced in identifying improvement opportunities and assisting in their implementation.

You should have hands-on experience, probably gained in financial management, operations or customer service functions, within retail financial services, insurance, corporate and international banking, treasury and capital markets or investment management. Specialist knowledge in one or more of the following is also important:

- Business process re-engineering, operations effectiveness and efficiency improvement studies
- Activity based costing and budgeting

- Service and productivity improvement programmes, including total quality initiatives, use of benchmarking techniques and definition of performance measures and targets
- Revenue enhancement

Operating at senior levels in London, Edinburgh or the North of England, you will need to be able to build effective working relationships, both internally and externally. Excellent presentation skills, a high degree of credibility and a strong commercial awareness are also important.

To discover how you can set new levels of personal and professional achievement within this broad and varied field, please write, quoting ref: MGS/8616/FT, enclosing a detailed cv to Anita Harris at Price Waterhouse Management Consultants, Milton Gate, 1 Moor Lane, London EC2Y 9PB.

Price Waterhouse



Law/Business Graduate/ Newly Qualified ACA

Investment Management Compliance

This is an opportunity to join the London-based compliance team of an international investment management company with an outstanding record of growth and performance. Reporting to the company's compliance officer, the person appointed will assist in the maintenance and further development of compliance procedures for the company's UK operations in an environment where the function is viewed as important and requires a broad, interactive approach.

The position is likely to appeal to candidates in their early twenties who are interested in developing a career in the regulatory and administrative side of investment management and it is felt that either a law/business degree or an accountancy qualification, preferably combined with some financial services experience, would be desirable. A constructive, team-minded approach and well developed communication skills are essential requirements.

If you would like to be considered for this position, please write in complete confidence to:

IMR Recruitment Consultants,
No. 1 Northumberland Avenue,
Trafalgar Square, London
WC2N 5BW. (tel: 071 872 5447)

INVESTMENT MANAGEMENT RESOURCES

ORD MINNETT

A Member of the London Stock Exchange and the SFA

Ord Minnett, one of Australia's consistently top ranked investment banks is seeking an experienced professional for the following senior position in its London office:

EQUITY SALES PERSON

The applicant must have a strong research background in Australian equities.

This is a senior position and offers the right candidate an outstanding career opportunity with excellent prospects for promotion. An attractive remuneration package is offered.

Please send your CV and supporting details to:

Mr D. W. Garrard
Managing Director
Ord Minnett Limited
1 College Hill
London EC4R 2RA

NEWTON UK RESEARCH ANALYST UK SMALL COMPANY ANALYST/FUND MANAGER COMPETITIVE SALARY AND BENEFITS

Newton is a privately owned and independent house which has a record of steady growth and investment performance. The £3.9 billion of assets under management consist of institutional funds, private client assets, unit trusts and personal equity plans. As a result of continued expansion we now seek to appoint two additional professionals to our research and investment team. The required qualifications are:

UK RESEARCH ANALYST (REF UK1)

- Graduate
- Minimum of 3 years experience of researching UK companies
- Strong analytical ability and capable of developing innovative ideas
- Good communication and presentation skills

UK SMALL COMPANY ANALYST/FUND MANAGER (REF UK2)

- Graduate
- Minimum of 2 years research or investment experience
- Strong balance sheet and cashflow analysis skills
- An interest in companies with a market capitalisation below £250 million

If you meet our requirements and are interested in either of the positions, please write enclosing a full Curriculum Vitae, and quoting the appropriate reference, to Colin D Campbell, Personnel Director, Newton Investment Management Limited, 71 Queen Victoria Street, London EC4V 4DR

CORPORATE FINANCE LENDING CREDIT

CORPORATE FINANCE (M&A LBO's)

A major bank seeks to expand their International Corporate Finance Division by appointing a BUSINESS ANALYST able to construct M&A, LBO models, draft presentations. MANAGER aged 30/35 years highly numerate and able to source cross-border mandates and execute. ASSOCIATE DIRECTOR a global "mandate getter" with a very successful track record to date. Salaries range £30-£100,000 + bonus + benefits package.

MARKETING OFFICERS UK

As above with several years UK Corporate calling/negotiating experience selling the lending, treasury and the corporate financial products of a major bank. £Neg £28-£38,000.

CREDIT ANALYSTS

Several clients seek graduates aged 25-30 years with formal credit training received either from within a major clearer (City Branch or Regional Office) or a major US Bank. Salaries negotiable AAE £25-£35,000 + Benefits.

Detailed CVs in confidence to BRIAN GOOCH

OLD BROAD STREET BUREAU
EXECUTIVE SEARCH & SELECTION CONSULTANTS
55 London Wall, London EC2Y 5TU
Tel: 071-552 9991 Fax: 071-552 9912

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for EXPERIENCED SALES PERSON

International corporation with offices throughout Europe is looking for an EXCELLENT SALESPERSON with 15 years experience. A salesman who knows how to ask for the order and knows how to CLOSE A DEAL.

A salesman who can mass merchandise different types of products such as clothing, watches, sporting goods, housewares, hardware, toys, food, electronics, etc. throughout Western and Eastern Europe.

A salesman who can SELL LARGE QUANTITIES of inventory in the amounts of \$100,000 or more. Must be able to sell products to distributors, large retail outlets, co-ops, hyper-markets, etc. throughout Western and Eastern Europe. Candidates must be fluent in English and work from our Paris office. Knowledge of other languages a plus. This is a very lucrative and rewarding position.

Fax your CV to (212) 949-8040 or mail to:
Mr M. Delecher
ATHOOD RICHARDS INC,
99 Park Avenue
New York, NY 10016

Interviews in Paris begin the week of September 27, 1993.

FUTURES TRADER

Develop a career in futures management with a major international investment house.

John Govett & Co., the innovative City of London and international investment house is searching for a new futures trader to work on its ground-breaking Derivatives Desk.

Managing more than £170 million, our derivatives team has an enviable track record of innovation and achievement. If you have the necessary experience and expertise then you may be able to contribute to the team's continuing success.

Futures trading and programming experience is essential as are good qualifications, an engaging and pragmatic nature, and a determination to succeed.

If you want to join us in making derivatives really work, please write to me at the address given.

JOHN GOVETT

John Govett & Co. Ltd
Derivatives Manager
John Govett & Co. Ltd
LONDON EC1A 3JF

ACCOUNT MANAGER

Deposit Marketing

UK Based Package circa £35,000

Specialising in commercial property-related lending, this UK subsidiary of a major European financial services group has established a firm presence in its niche markets. From this base and with group backing, controlled low-risk expansion is planned. As part of the growth, this new position will be responsible for a substantial enhancement of the Bank's deposit portfolio and will play an important part in the expansion of the treasury function. A key element of this role will be marketing the Bank and its deposit products to identify and establish a network of contacts within the corporate, institutional and public sectors as sources of funding. Aged 25-35, possibly ACIB qualified or equivalent, candidates will be of graduate calibre with extensive experience in the financial services industry, perhaps gained from a banking or building society environment, complemented by a sound knowledge of the UK money markets. With technical competence supported by experience in financial marketing techniques, new business development and planning from origins, the successful candidate will have excellent verbal and written interpersonal skills, the diplomacy to forge strong internal and external relationships and the energy and drive to become a valued team member in this growing bank. The remuneration package will be negotiated dependent upon experience but will include the provision of an executive car and pension, life assurance and private health sickness scheme. Relocation assistance will be provided in appropriate cases. Please forward in absolute confidence a full curriculum vitae to Adderley Featherstone plc, 1 Queen Square, Bristol BS1 4JQ. Tel: 0272 253390 Fax: 0272 253320

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THE ULTIMATE STOCKBROKING EXPERIENCE

Are you a highly motivated professional determined to succeed at the highest level? If so, Fidelity Brokerage would like to hear from you.

Fidelity Brokerage is one of Europe's most successful stockbrokers - a young and dynamic organisation that has accurately targeted investors with aggressively developed financial products and services.

In the relentless pursuit of excellence, the company has set a benchmark for performance. With a strong emphasis on first class customer service, the growth of its client base and trading volumes has been impressive.

In a fast moving environment, this success bears testimony to the efficiency of our operational and administrative systems.

In the UK, Fidelity Brokerage was at the forefront of the move away from traditional stockbroking houses towards faster, more cost-efficient dealing services for customers who make their own investment decisions. It's an approach that has seen the company build substantial retail and institutional business that continues to grow impressively in the UK and internationally.

Now, to build upon the company's strong presence in the highly competitive markets of the UK and Europe, Fidelity Brokerage is looking for entrepreneurial leaders of exceptional ability to spearhead the company's future performance.

The company will shortly be moving to its new European headquarters near Reigate in Surrey. Here, its 100 employees will enjoy the benefits of a modern well-appointed office complex, supported by the latest state-of-the-art technology.



HEAD OF RETAIL DEALING

£35,000 - £40,000 pa plus bonus and benefits (Ref: HRD)

A highly-focused, customer-oriented dealing team operates at the centre of Fidelity Brokerage's execution-only retail services. The team meets the specialised needs of 18,000 active, independent investors. It trades aggressively in the UK, European, US and other international stockmarkets, also providing real-time trading information.

The newly established position of Head of Retail Dealing has been created as a direct result of the company's dramatic success with its retail services.

Reporting to the Director of Trading, the primary responsibility of the post will be to supervise the day-to-day activities of the team of approximately 20 highly-motivated, ambitious dealers. You will be responsible for all retail trading and will work closely with the Marketing and New Business Development functions. You will be required to develop the existing and future customer base, stimulate and encourage activity among existing customers and ensure marketing programmes are tailored to meet customer needs.

Inevitably, you will be someone of exceptional ability and will have gained substantial experience in the UK and international markets, having headed a customer-driven dealing team for at least 2 to 3 years, most probably with a UK retail stockbroker.

A high level of market awareness, imagination and well-developed management skills are required to lead and motivate a strong dealing team and to assist in the expansion of our retail customer base.

DEALERS/REGISTERED REPRESENTATIVES

£16,000 - £18,000 pa plus bonus and benefits (Ref: RRR)

Due to our rapid expansion, an opportunity exists for a number of experienced, enthusiastic UK Registered Representatives to join the company's retail dealing team.

You will be responsible for receiving and executing client instructions on UK securities, as well as providing the wide-ranging UK market and product information offered by Fidelity Brokerage.

This position calls for excellent oral communication skills and a good knowledge and understanding of the UK stockmarket. Numeracy, plus good telephone and keyboard skills are also important, together with self-confidence, enthusiasm and the ability to work under pressure during high call volume periods. Candidates must have well-developed customer relations skills acquired over the past 2 years in a dealing environment.

The successful applicants will be highly motivated, results-oriented achievers committed to maintaining the high levels of customer service which have become Fidelity's trademark. Candidates must be SFA registered.

OPERATIONS MANAGER

£35,000 - £40,000 pa plus bonus and benefits (Ref: OM)

The company's commitment to customer care and service is reflected in the quality of people it employs. Nowhere is this more evident than in the Securities Management Department which has grown substantially over the last 12 months.

As a consequence, an experienced Operations Manager is required who will be responsible for a growing team handling transfers, corporate actions, dividends and stock registration as well as controlling a substantial nominee company.

Reporting to the Operations Director, this is a key position within the Operations group.

With substantial in-depth experience in UK and international settlement, you will have acquired particular expertise in the field of stock and securities management and possess a well-honed processing ability to deliver results with precision and accuracy.

Securities Management is central to the commercial success of Fidelity Brokerage and you will need to demonstrate strong leadership qualities, a proven track record in the business and the ability to deliver innovative operations solutions.

COMPLIANCE OFFICER

£35,000 - £40,000 pa plus bonus and benefits (Ref: CO)

If you are a qualified lawyer or accountant with experience of working in the financial services sector with either a City firm or a major financial institution, Fidelity Brokerage offers a challenging opportunity.

Our brief encompasses compliance, legal and financial matters across the broad spectrum of the company's activities. You will have overall responsibility for compliance with the rules of the Securities and Futures Authority and other relevant legislation; compliance monitoring and documentation; provision of expertise on compliance and legal aspects of new product development; liaison with our regulators; customer complaints procedures; compliance training for employees; and monitoring of employee trading.

You will also be expected to provide general legal advice, act as Company Secretary and liaise with external lawyers. A working knowledge of the rules of the SFA would be advantageous, although familiarity with the rules and regulations of one of the other SROs will also be considered. Within our European oriented business, this role will develop rapidly to encompass our expansion in both the retail and institutional markets.

You will report to both the Head of Compliance in Boston and to the Managing Director of FBSL.

MARKETING MANAGER

£30,000 - £35,000 pa plus bonus and benefits (Ref: MM)

Reporting to the Marketing Director your remit will cover all aspects of the company's core domestic execution-only service which targets independent minded stockmarket investors.

You will need to demonstrate excellent analytical, interpersonal and organisational skills, be able to interface effectively with staff throughout the organisation, and meet tight project deadlines.

As a marketing professional, you will be computer literate and have a thorough grasp of all elements of the marketing mix including advertising, direct mail, legal, creative, budgets, production, research and profitability analysis. Furthermore, your track record will show how this expertise has been translated into effective marketing results.

You will be a university graduate or equivalent with 3 to 5 years of related marketing experience, or hold a business marketing degree with 2 to 4 years' marketing experience (preferably in direct marketing, but not necessarily in financial services).

SENIOR BUSINESS ANALYST

£30,000 - £40,000 pa plus bonus and benefits (Ref: SBA)

Reporting to the Head of Brokerage Systems, the Senior Business Analyst will be responsible for identifying and specifying system requirements in all areas of Fidelity's fast-moving business.

You will assist with tactical business improvements and also contribute to the strategic direction of projects being developed locally and by Fidelity's Boston-based parent company. Furthermore, you will be expected to provide assistance with user training and acceptance testing.

You will need a broad base of securities processing knowledge in both dealing and settlement operations. The ability to identify opportunities and propose workable business system solutions is essential. In addition, experience of structured development techniques would be desirable. Above all, in this customer-led environment, you should have the desire to provide systems which promote first class customer service.

DEALING SYSTEMS - PROJECT LEADER

£30,000 - £40,000 pa plus bonus and benefits (Ref: DSP)

Fidelity are currently developing advanced dealing systems utilising client server architecture and this has created an outstanding opportunity for a systems developer to lead this high profile project.

Reporting to the Head of Brokerage Systems, the Dealing Systems Project Leader will be responsible for the successful development, implementation and support of this critical front-end dealing system.

To successfully fulfil Fidelity's requirement, you will need experience of at least four of the following:

- ☐ Dealing systems knowledge
- ☐ OO techniques
- ☐ C++
- ☐ Windows development
- ☐ Oracle
- ☐ Client server architecture
- ☐ UNIX

A thorough understanding of the technical issues of front-end systems is an essential requirement but this is also a role that places great emphasis on personal initiative and high professional standards.

If you have the expertise, experience and business maturity to succeed in this highly demanding environment; if you are a leader who can excel as an individual within the collective team effort, write to Fidelity Brokerage now, enclosing a detailed CV and quoting the appropriate reference number.

Mrs Sandra Evans, Fidelity Brokerage Services Limited, Oakhill House, Hildenborough Tonbridge, Kent TN11 9DZ



Fidelity Brokerage

REGIONAL COMMERCIAL BANKING MANAGEMENT OPPORTUNITIES WITH CREDIT LYONNAIS

Crédit Lyonnais is one of the world's largest banks with operations in 80 countries. Our presence in the UK dates from 1870 and our recent expansion programme has centred on the establishment of a network of commercial banking branches in the key industrial and commercial centres of the UK.

Our target market for these branches are successful, growing companies with annual turnovers in the range of £5 million - £250 million.

We have managerial vacancies at various levels within the network and invite applications. Ideally candidates will be graduates with at least 5 years' experience of working with mid-corporate clients. A proven track record that demonstrates a high level of drive and personal ambition combined with sound credit analysis, marketing and interpersonal skills is an essential requisite for these challenging and rewarding appointments. Applicants must be ACIB qualified.

A good knowledge of French will be an advantage but is not essential. Remuneration and benefits will reflect the seniority of the appointments to be made.

Interested candidates should send a comprehensive career resume, together with details of their remuneration package, to: Mrs Sue Randall, Deputy Head, Personnel, Crédit Lyonnais, 84/94 Queen Victoria Street, London EC4P 4LX.

The closing date for applications is Thursday, 30 September 1993.



CREDIT LYONNAIS

Asset Finance Product Development Manager

Circa £30,000 MANCHESTER

Our client is a long established, successful and progressive financial institution, based in the North and with a nationwide network.

An innovative approach to product development has enabled the organisation to maintain its position in an increasingly competitive market. The company wishes to appoint a Product Development Manager who will report to the Head of Asset Finance and work within the Asset Finance Department to research and develop a strategy for asset backed products and to deliver sales to meet targets.

Candidates will have experience of identifying and promoting new asset based products and maintaining good client relationships.

The ideal candidate will be a self starter, who can demonstrate both creativity and tenacity with proven communication skills.

The position offers a competitive salary with an excellent benefits package.

To apply, please send a full CV with salary details to:



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Hunter House, 57 Goodinggate, York YO1 2LS. Telephone: 0904 610657

RELEASE YOUR TRUE POTENTIAL

City graduates for one of the top UK Securities Houses

One of the top UK Securities Houses is looking for a number of young high flyers with the potential to reach the highest echelons of the business.

Successful candidates will be appointed to specific product areas before moving around other divisions to acquire the breadth of knowledge and experience for future senior posts.

Currently there are openings in UK and European Sales, Research and Market Making Operations. There are also significant opportunities in their rapidly expanding Global Derivatives business.

Their search will focus on business-degree graduates (2:1 minimum) who are keen to move into their City career.

with a stockbroking or fund management company. A rigorous selection process will prioritise a high degree of numeracy and communication skills together with the strategic, interpersonal and teamworking abilities essential in future business leaders.

The packages on offer match the best in the industry, but it is the long-term career implications which will really count.

To release your true potential, please write, with your cv, stating any companies to which your application should not be sent, to: Terry West, Managing Director, Associates in Advertising, Confidential Reply Handling Service, Ref: 706, 5 St John's Lane, London EC1M 4BH.

ASSOCIATES IN ADVERTISING



Energy Markets Analyst Develop & Manage New Strategies for Risk Management in International Operations

This leading exploration & production company has a wide range of interests, both domestic and international, and annual income from its oil and condensate sales is in excess of £200 million.

As Energy Markets Analyst, you will be responsible for developing and managing the company's hedging strategy and oil paper trading programme.

You will liaise closely with senior management, Treasury and Operations, to maximise profitability and minimise risk. This will entail ongoing analysis of market conditions, negotiation of commercial contracts with brokers, banks and trading firms and ensuring the company has an up to date awareness of the latest market positions and trends.

You will react speedily to market changes in the most effective and commercially advantageous manner and present innovative solutions to scenarios in an environment which provides a good level of autonomy and decision making authority.

Probably a graduate in a quantitative subject, you have at least five years' experience in analysing financial and energy trading markets including developing and carrying out hedging and trading transactions in the oil & gas sector.

Computer literate with exceptional analytical skills, you are a commercially aware self-starter with the confidence and interpersonal skills to work effectively with senior management and external parties.

Career prospects are excellent and a number of options are available. You will be based west of London and a competitive package will be offered, including a car, a comprehensive range of benefits and relocation assistance if necessary.

In complete confidence, please telephone or write with CV to: John Diack, Managing Director, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA. Telephone: 071-629 5909.

Simpson Crowden CONSULTANTS



Financial Risk Management Specialists

**It takes a firm grasp
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Our consultancy is one of the world's largest and most prestigious. Our risk management group plays a pivotal role in some of the leading initiatives in this area of the financial services (including the recent Group of 30 study of derivatives in the industry).

The consultants who form the team are involved in a wide range of challenging and complex assignments, helping our clients to optimise their management of the risk-reward relationship. Our clients are leaders in their markets and the demand for our skills in this area continues to increase.

We are therefore looking for articulate, self-motivated specialists with first class track records. Aged 28-35, you are likely to have an accountancy, banking or MBA qualification and to have hands-on experience and a deep understanding of financial risk management techniques in retail banking, corporate banking or treasury and capital markets.

Additionally, you should possess some

knowledge and expertise in one or more of the following:

- Credit scoring techniques and applications
- Market risk measures and valuation models
- Risk adjusted profitability measurement
- General statistical modelling techniques

Since you will be working at senior levels in client organisations and often in multidisciplinary teams, you will need excellent interpersonal skills, including the ability to communicate effectively and to build and develop working relationships.

The breadth and variety of our work is such that you can quickly extend your horizons. If you would like to accelerate your career through building your skills and experience in a supportive but challenging team environment, please write, quoting ref: MCS/8617, enclosing a detailed CV to Andrew Stott, the partner responsible for this practice area, at Price Waterhouse Management Consultants, Milton Gate, 1 Moor Lane, London EC2Y 9PB.

Price Waterhouse



ARBITRAGE ANALYSIS to £60,000

A large International Bank with a strong presence in derivatives markets wants to recruit an analyst to work within an existing arbitrage group. The group currently develops trading strategies and identifies arbitrage opportunities across a wide range of products and markets. The analysts work very closely with the traders and so have a closely measured effect on the groups profitability. You must have a post graduate qualification in a highly mathematical / statistical discipline - a PhD would be very attractive as would experience of time-series analysis, correlation analysis and stochastic calculus. As a personality you should be highly driven, precise and want accountability - bonuses are a major part of total remuneration. Call Tony Sheppard.

CREDIT ANALYST (CORP FINANCE) to £30,000

A major International Bank wants to recruit an individual with a strong credit background for its corporate finance division. This position is likely to appeal to those analysts wishing to raise their profile within corporate credit as the analysts frequently accompany the marketeers on direct visits. You will need three years credit experience within an investment bank, a good degree and, most importantly, the ability to generate ideas and work on your own initiative. Ideal age 25-35. Call Tessa Beck.

AUSTEN SMYTHE SEARCH AND SELECTION
127 Chesapeake, London EC2V 6DH
Tel: 071 600 2862 Fax: 071 726 4290

CO-HEAD INTERNATIONAL INVESTMENT MANAGEMENT COMPANY BASED IN HUNGARY

Applications are invited for the position of Executive Director for a new Hungarian investment management company, which is a subsidiary of a successful independent corporate finance company based in Hungary. The Company will be set up to manage a Capital Development Fund controlling stakes in small and medium sized Hungarian companies.

The shareholders in the fund will include international investors in the corporate finance company.

As Executive Director the successful applicant would be co-head of the Company with full responsibility for the following areas:

- Evaluation of Projects
- Representation towards the group's international institutional investors
- Management of Investments

The applicant will participate in the decision making procedures of the Company as well as the day-to-day management of the operation. The applicant will co-operate closely with both Hungarian and foreign professionals within the group and would be based in Budapest.

Applications together with CV's should be forwarded to:
c/o Mrs Ivy Palsalides
3 Clifford Street
London W1X 1RA

Regulator, Financial Services

Europe Generous Tax Free Package

An emerging onshore financial centre which aims to expand its financial services sector by encouraging international foreign investment, particularly in the areas of fund management and banking, wishes to appoint a Regulator for investment services activities.

The position calls for an experienced individual who is currently involved in regulating onshore/offshore funds or is a professional in an accounting or legal practice where advice is frequently given on compliance with investment services rules and regulations. Alternatively, the individual could be involved in investment services/fund management with experience of regulatory compliance.

Key responsibilities will be:

- advising the Commissioner of the Regulatory Board
- developing regulatory policies
- advising prospective entrants on establishment and regulatory matters
- establishing active monitoring of licensed firms
- devising operating procedures and working practices.

The post will be based in an attractive European location and will be for an initial period of at least two years.

Please send full career and remuneration details including telephone contact numbers and quoting reference 2002 to Stephen Fletcher at the address below.

KPMG Selection & Search
1-3 Dorset Rise, Blackfriars, London EC4Y 8AE

SENIOR CONSULTANTS Capital Markets - Equities

£35-42,000 City

Our client is a major division of one of Europe's leading and most ambitious financial information businesses; the premier supplier of bespoke training services to the financial services sector - in the UK and throughout the world.

Its strength and credibility flow exclusively from the energy and talent of its Consultants; their advanced skills, creativity and commitment combine to deliver outstanding benefits to prestigious client organisations - enabling them to thrive in increasingly complex and pressured commercial environments.

These are opportunities to join that team of outstanding

individuals - who clarify client needs, translate them into bespoke training and consultancy solutions - and take full responsibility for their effective implementation.

Specifically, you should bring considerable experience from the Capital Markets and Equities environments - from either a marketing or a trading perspective; exposure to Corporate Finance would also be valued.

Furthermore, whilst an international aspect to that experience - and language skills - would be attractive, an enthusiasm for working on overseas assignments is certainly essential.

Above all, you must display the credibility and confidence necessary to advise and influence in the context of a knowledgeable and demanding audience.

The rewards include a negotiable salary and bonuses - and the opportunity to make an exciting and positive career change whilst fully exploiting and building upon your existing knowhow.

To apply, please send your CV without delay, quoting Ref. FT105 to the company's Recruitment Consultancy: Arch House, 24 High Street, Chalfont St. Peter, Bucks. SL9 9QA. Tel: 0753 880313 Fax: 0753 884053

ARCH INDEPENDENT

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Corporate Treasury Sales

Our Treasury Services team seeks two experienced members to both maintain its high level of client service and to provide more specialised information

Corporate Dealer

This role involves developing relationships with both corporate and institutional clients by anticipating and responding to their needs for information and specific treasury products.

Corporate Dealer - Structured Transactions

This role involves providing tailored solutions in response to our corporate and institutional customer requirements. Candidates will make full use of their knowledge of foreign exchange, bonds and derivative instruments to price and structure deals to assist in providing ideas and risk management solutions. Experience of pricing models, corporate treasury risk and computer spreadsheets are essential.

Candidates for both positions will be numerate, creative, have a minimum of three years' experience of treasury sales, and a thorough understanding of how foreign exchange and interest rate products are used by corporate and institutional clients. A successful track record of business development in a demanding environment and excellent communication skills are essential. Education is likely to be to degree level and fluency in a foreign language would be advantageous.

We offer a competitive salary and full banking benefits.

To apply, please send a CV and details of current salary to Mrs C Lambert, Assistant Director, Personnel Department, Hambros Bank Limited, 41 Tower Hill, London EC3N 4HA. Telephone: 071-480 5000.

HAMBROS BANK LIMITED

CO-HEAD CENTRAL AND EASTERN EUROPEAN FINANCE ADVISORY COMPANY BASED IN LONDON OR FRANKFURT

Applications are invited for the position of Managing Director for an expanding Central/Eastern European Corporate Finance advisory company with existing and successful associated operations in Hungary and, more recently, in the Czech Republic.

The Company has been set up to provide sophisticated corporate finance and merger advice to clients with business interests in Central and Eastern Europe. The Company also has specific focus in Western Europe on media/communications/telecommunications clients.

The successful applicant will be co-head of the Company with full responsibilities for the following areas:

- Execution/control of all investment banking mandates in the region
- Capital markets, including placements of structured debt and equity
- Solicitation in the UK/Scandinavia
- Management of the London office.

It is envisaged that the successful applicant has several years of investment banking experience, has a strong bias towards development in Central and Eastern Europe and is specifically interested in entering/acquiring an equity stake in the Company, and where relevant, investee companies.

The Company is part of a group of corporate finance companies some of which are in the process of being established.

Applications together with CV's should be forwarded to:
Stuart Kingman & Co
3 Clifford Street
London W1X 1RA

INTERNATIONAL PR-AGENCY PUBLIC RELATIONS EXECUTIVE

London-based public relations agency is expanding its European corporate public relations team. Clients include high profile, multinational companies with a focus on Europe plus the US and the Middle East.

Excellent writing and communications skills are required. The job will concentrate on strategic planning, issues research/management, media relations, coordination of Europe-wide activities and liaison with client contacts in 20+ countries.

The ideal candidate must be a European (with proficient English as the second language), aged 25-30, with a University degree and 3-4 years experience in the public relations/corporate communications field. Fluency in German, French or Spanish a must. Middle East experience a bonus.

Salary and benefits commensurate with experience.

Please reply, listing how you meet these criteria and enclosing your CV to:
Box No. 8 1886, Financial Times, One Southwark Bridge, London SE1 9SL.

Opportunities with Deutsche Bank Group

You are a university graduate with several years Equity Portfolio Management experience. Your career includes fundamental research of both large and small companies. You have knowledge of standard PC-software, foreign language skills and a basic knowledge of German.

If you match these requirements we offer an opportunity in our European Equity Portfolio Management Team. You will be responsible for several German Equity Portfolios as well as industry and company analysis. You should be comfortable in a disciplined investment environment using modern Portfolio Management techniques.

Portfolio Manager Senior Portfolio Manager

We are an independent Portfolio Management company of Deutsche Bank. Our institutional clientele is primarily international. We offer a challenging and exciting career in Frankfurt and a competitive remuneration package with additional benefits.

Please forward your resume to
Haik Baur, Deutsche Asset Management GmbH (DBAM),
Bockenheimer Landstr. 42,
D-60323 Frankfurt am Main.

Let's talk about it!

Deutsche Asset Management
Deutsche Bank Group



Fund Manager-Global Fixed Income

Our client is a leading London based investment management group with in excess of \$20 billion under management. As a result of continuing business growth the company is seeking to appoint an additional fixed income fund manager to join its established and highly successful fixed income team.

The Role

You will be responsible for managing multi-currency portfolios on behalf of North American institutional clients. Undertaking in-depth fundamental analysis, you will contribute to the development and implementation of the team's investment strategy.

Qualifications

You will have a good degree and a minimum of 5 years experience of financial markets, of which at least 3 years will have been in fixed income fund management. You will be a confident and able communicator.

The Rewards

An attractive salary and bonus are offered together with a generous benefits package. For an ambitious and successful individual, long term career prospects are excellent.

Please reply by letter or fax with a current CV and an indication of current salary to:
KW Selection Ltd, 140 Park Lane, London, W1Y 3AA.
Fax Number: 071 365 1531. Quoting Ref: IC/GFIM/08/1

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The KPMG Peat Marwick name is synonymous with quality and professionalism in accountancy, consultancy and related services. The practice enjoys a particularly strong reputation in the financial sector where it boasts an unparalleled UK client base comprising in excess of 1,000 financial institutions. Capitalising on its historic success, the financial business unit is building a specialist department which provides regulatory and technical advice. Unprecedented demand for its services has created the need to recruit two additional managers with specific securities and/or fund management industry expertise.

The team's activities comprise external regulatory advice and internal business support, including technical reviews, presentations, training, planning, rule interpretation, investigations and research. Whilst the sheer variety of work in the department is a major attraction, the development of mutually complementary skills within these overall parameters is strongly encouraged; there is tremendous scope to acquire specialist knowledge, suggest new initiatives and establish a consequently high individual profile with senior partners and clients.

The successful candidates will be qualified accountants, ideally 'big six' trained, working either in the appropriate department of a leading professional firm, a relevant regulatory body or the securities/fund management industry. Detailed SFA/MHO rule-book knowledge is less important than broad familiarity with the sector. Technical competence and attention to detail are prerequisites, but an intellectual interest in the subject must be complemented by strong presentation and communication skills: this is not a 'back-room' role and face to face credibility will be a critical success factor.

Interested candidates should write to Tim Knight, enclosing full career and salary details, quoting TCK/1508.

KPMG Selection & Search
1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

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The Financial Times is established as one of the world's leading business newspapers; the FT Group provides over a hundred different publications and services, all designed to offer the business user the right information in the right format. The research activity provides all research services and information required by and for the group. To run the department, we have been asked to find a professional research manager, who will report direct to the Group Chief Executive. The department will be expected to play an active role in helping the group to develop business opportunities, so there is a need for marketing vision to accompany research excellence. The work incorporates advertising campaign response, competitor data, market analysis and customer research; key to success in the role will be the ability to relate to senior managers, to interpret their needs into research briefs and to recommend actions as a result of that research. Our best candidates will have the detailed application of the professionally trained researcher, the business acumen and strategic vision of a marketer and the inter-personal skills to lead and motivate a dedicated team. Please send full career details, quoting reference WE 3211, to Judy Brasier, Ward Executive Limited, 4-6 George Street, Richmond-upon-Thames, Surrey TW9 1JY.

WARD EXECUTIVE

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Operations Manager

Derivative Products

City

The London branch of a major US financial institution is seeking to recruit an outstanding Operations Manager to run the derivatives processing team.

This is an excellent opportunity for an ambitious operations specialist to join a highly successful organisation which is a recognised market leader in its field. Responsibilities will include managing a small team of specialists which handles the settlement of all derivative products, supporting the sales team in new business presentations and working with the finance division to ensure that products are accounted for in an appropriate manner. This is a key role within the operations team in which the appointee will be required to use his/her analytical and creative skills to review

processes and to formulate and implement operational changes.

Candidates will be of graduate calibre and may have a background in accounting. They will have experience of processing a range of derivative products, including futures and options, and should have a sound knowledge of the accounting implications of these. This technical expertise should be combined with the management skills necessary to lead and motivate a team. Additionally, they will be confident in their ability to interface with clients and to communicate effectively at all levels within the organisation. In return, the position offers a competitive compensation package and excellent career prospects.

Interested candidates should write to Sergio Mummé at BBM Associates Ltd (Consultants in Recruitment) enclosing a full Curriculum Vitae. All applications will be forwarded direct to our client for consideration. Please list in your covering letter any organisations to which you would not wish your CV to be sent.

76, Watling Street,
London EC4M 9BJ

BBM
ASSOCIATES

Tel: 071-248 3653
Fax: 071-248 2814

CORPORATE FINANCE

N M Rothschild & Sons Limited is a leading international merchant bank with a strong reputation for its corporate financial advisory services. It is seeking to strengthen its corporate finance teams at Executive, Assistant Manager and Manager level. The work of the Corporate Finance Division includes mergers and acquisitions, divestments, international and domestic equity offerings, privatisations and project finance in the UK, continental Europe and elsewhere.

Candidates should be educated to good honours degree standard and preferably professionally qualified. Relevant mainstream corporate finance experience, either domestic or international, is essential for applicants at Assistant Manager or Manager level. Foreign language skills would be an advantage.

The remuneration, which will include profit-sharing and an excellent range of benefits, will be competitive.

In the first instance, please send a personal résumé detailing your experience, in the strictest confidence, to: Rodney Lonsdale, Director of Personnel, N M Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.



N M ROTHSCHILD & SONS LIMITED

Credit Analyst Fixed Income

Continued growth in the volume and complexity of our fixed income business in London has created an opening in our Fixed Income Research department for an experienced credit analyst to support corporate bond trading, sales and new issue syndication.

Candidates for this position should be educated at least to first degree level and have a formal credit training together with at least 2-3 years' relevant experience. The job requires an ability to work closely with sales and trading professionals to carry out market-sensitive credit research covering a wide variety of European risks. Prior knowledge of fixed income products and markets would of course be a distinct advantage, but we will consider candidates with a more traditional credit analysis background provided that they can demonstrate the intellect and personality to thrive in a dynamic trading environment where effective communications skills are vital.

If you are interested in developing your career with Merrill Lynch please write, enclosing full details of your background and experience, to Alan Beazley, Personnel Manager, Merrill Lynch Europe Limited, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY.



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FUND MANAGEMENT SCOTLAND

We act for a number of Scottish investment houses. Current openings include analysts with 2-7 years experience, aged 25-35 in the following areas: US, UK, Europe, Latin America, Pacific Basin, and Marketing.

London interviews Wed. 22 Sept.
Fred Lawson, ASA, International Ltd
63 George St, Edinburgh EH2 2JG
Tel 01 226 6222

FINANCIAL DERIVATIVES SPAIN

Spanish bank with Head Offices in Barcelona is looking for an expert in financial derivatives. Candidates should have proven experience of international financial markets and be willing to live in the Barcelona area. Working knowledge of Spanish recommended but not essential. Very attractive terms of employment. To apply please send C.V. and recent photo to:

Apartado de Correos 5.241
Barcelona, Spain
Ref: EXTIAN

INTERNATIONAL CREDIT OFFICER

The International Credit Policy Division of a major international bank seeks to appoint an additional CREDIT OFFICER to join its small team of professionals based in Central London.

The successful candidate will have primary responsibility to vet credit proposals and to carry out independent assessment of obligors and facilities. Additional responsibilities include assistance in credit policy functions such as risk monitoring, product policies and credit controls.

Candidates, ideally graduates and with credit training obtained at a major international bank, should have

- minimum of 5 years in credit risk assessment
- direct involvement with international credits and cross-border risks.

Applications, accompanied by a full curriculum vitae, should highlight the candidate's ability to make contributions in the areas indicated and be sent to

Box B1690, Financial Times,
One Southwark Bridge, London SE1 9HL

MARKETING - AGROCHEMICALS

A highly profitable, fast growing international agrochemical company with a presence in 70 countries is looking to consolidate its marketing and distribution network in the UK and Europe.

The company therefore wishes to appoint a senior marketing and sales person with substantial experience in the selling of agrochemicals. Applicants should be enthusiastic, focused, goal orientated, have the desire to work in a market driven environment and be able to contribute to the development of the business.

Salary is negotiable.

Please write in the first instance enclosing cv to :-

Louise Hughes
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EMERGING MARKET EQUITY SALES

Our client, a highly successful and rapidly expanding international investment bank, is looking to expand its operations in the UK by the recruitment of an equity salesman with a UK and/or European client base to make the transition to the growing area of emerging market equity sales.

The chosen candidate, of graduate calibre and probably in his or her late 20's, will possess a minimum of three years' prior equity sales experience. Whilst it is most likely that this sales experience will have been gained in the developed markets of Continental Europe, it is possible that the candidate will have had some involvement in the emerging markets. Strong analytical skills combined with fluency in Spanish and/or one other Continental European language would be advantageous, although not essential.

In conjunction with colleagues already experienced in emerging markets, this person will be responsible for selling a cross-section of Latin American and Far Eastern equities at a primary and secondary level to both existing and new clients amongst the UK and Continental European fund management community. The chosen person will have the support not only of two experienced emerging market equity traders, but also of the global in-house research team.

The position provides a highly competitive salary and benefits package, including significant bonus potential. Prospects for further career advancement are excellent.

Please reply, in absolute confidence, to Neil Salt, quoting reference NAS2140.

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Princes House, 36 Jermyn Street,
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Tel: 071-434 1319. Fax: 071-434 0835.

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It seeks an experienced professional to assume responsibility for the further development of its services in the areas of operations and systems.

The successful applicant will be able to demonstrate:

- extensive experience covering treasury and capital markets support, including in-depth exposure to OTC and exchange traded derivatives.
- a record of achievement in team building, systems planning and implementation, and change management.

This experience will have been gained probably in one or more major financial institutions, although candidates from other backgrounds, including consultancy, will be considered. European languages would be an advantage.

A competitive base salary and profit related bonuses are offered with this exceptional career opportunity.

Please send a detailed curriculum vitae, quoting reference MH9577, to Rochester Partnership Limited, Executive Selection Consultants.

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Government Bond Trader	£50,000 + Bonus
FRN Trader	£50,000 + Bonus
Head of Bond Sales	£50,000 + Bonus

Please contact Charles Clouston on 071-623 1266.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

THE BANKER

BANK RESEARCHER / TECHNOLOGY JOURNALIST

THE BANKER, the monthly international banking magazine of the Financial Times Group, is seeking a researcher/journalist to join our Bank Research unit and editorial team.

The post involves the compilation and analysis of bank data for our various bank listings, including out Top 1000 listing, and offers the opportunity to write in our Technology section.

The successful applicant will have strong numeracy and computer skills and will have a keen interest in technology issues. A competitive and comprehensive package is offered.

Please send full CV to:

The Editor,
THE BANKER
Greystoke Place, Fetter Lane, London EC4A 1ND

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FOREIGN EXCHANGE DEALER

A Financial Organization located in Vienna currently expanding its Treasury Division seeks a fully qualified foreign exchange dealer. Fluent in English and with minimum 5 years relevant experience in a financial institution. Candidates must possess a good quality university degree in Economics/Finance and have received formal training and experience in spot, forward and derivative money markets instruments. The successful applicant will be responsible for developing new and innovative techniques in all aspects of the money markets and foreign exchange trading.

Applications with detailed curriculum vitae should be mailed to:

The Director of Administration & Personnel
P.O. Box 995
A-1011 VIENNA,
AUSTRIA

INSTITUTIONAL EQUITY SALESPERSON

Leading stockbroker based in Milan, member of major international banking and securities group, is expanding the salesforce supporting its marketing effort in the equity brokerage area. Focus is on Italian equities and derivatives to be sold to institutional customers internationally. The basic skills required are: previous experience in the securities business, familiarity with financial products and institutions, good knowledge of the fundamentals of the stockmarket, ability to work in a team and to successfully manage relationships with institutional customers, fluency and/or other business language. Age 25-35. Competitive salary, dependent on qualifications. Candidates should send a detailed CV to: Box No. B 1685, Financial Times, One Southwark Bridge, London SE1 9HL.

Corporate Treasury Systems Sales & Support

MCM, the market leader in developing corporate treasury software, is recruiting experienced treasury sales and client support professionals. Experience in financial software, corporate treasury, financial instruments and European languages helpful. Please send CV and covering letter (reference FBS/FT/93-3) to:

Multinational Computer Models Ltd.
Attention: Personnel Department
Burling House, 19-23 Market Street,
Maidenhead, Berks SL6 8AA
Fax: 0628-71540

Broker House in Frankfurt

(Interest Rate and Equity Derivatives)

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EUROPEAN INSURANCE MARKET

Delegation within the EC as well as other factors have driven many insurers/brokers to expand their geographical product base and servicing capacity looking at opportunities for developing business outside their traditional markets. Therefore, German lawyer, 45, skilled and experienced in all areas of industrial insurance, entrepreneurial and service-oriented, focused on European work, is seeking a position with EC broker, possibly in a joint-venture role, or insurer in Germany or London. Analysis on expansion of broking into Germany will be provided on request.

Please write to Box B1688, Financial Times,
One Southwark Bridge, London SE1 9HL.

EQUITY DERIVATIVES EMERGING MARKETS

Due to the huge expansion of activity in the Pacific Rim, Tiger, Eastern Europe and Latin American markets, our clients, leading institutions, wish to expand or build their sales/trading/structuring and risk management teams. Specific requirements include:

M.D. Far Eastern Office	£Neg
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Senior Warrants Trader	£60,000-70,000 + Bonus
Equity Derivatives Salesman	£70,000-80,000 + Bonus
Analysts/Marketing Equity Derivatives	£45,000-55,000

For a confidential discussion please call Philip Ashby-Rudd
on 071-623 1266 or 071 237 4552 (Evenings).

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The challenge will be for a seasoned trader with at least 10 years in the mineral/chemical world to establish the U.K. branch from scratch. Candidates should possess a detailed knowledge of the marketing and distribution of raw materials together with experience of all aspects of international trade documentation, shipping and methods of payment.

A wide variety of market contacts would be of particular interest, combined with the entrepreneurial flair and energy to get this operation off the ground from day one.

Written applications must be submitted by 24th September to Elizabeth Williamson at the address below, who will be arranging interviews with our client in the week commencing 27th September.

Fax 071-626 9400 Ridgway House 41/42 King William Street London EC4A 9EN Telephone 071-626 1161

SHEPHERD LITTLE

SPANISH EQUITY SALES

Benito & Monjardin, a leading Spanish Equity Brokerage Firm seeks candidates to expand its Sales Team. Focus will be on the UK Institutional client base.

The candidate will have: a minimum of 2 years experience in a similar position and the willingness to relocate to Madrid. An existing client base is desirable, and a good working knowledge of the Spanish language would be an advantage.

This is a challenging position in an exciting market which should give the candidate the possibility to increase substantially his/her client franchise.

A very competitive salary package is offered.

Interested applicants, in strictest confidence, should send their CV to: Frederick Artesani, Benito & Monjardin, c/ Alfonso XII no. 26, 28014-Madrid, SPAIN or call 010-341-5314499.

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In support of the profit and loss account

Balance sheets should show the results of the company's transactions, writes Ron Paterson

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The Accounting Standards Board has been in operation for three years and is fully into its stride. But I am worried that it may be striding in the wrong direction. I believe its approach puts undue emphasis on the balance sheet, to the detriment of the profit and loss account, and to the disadvantage of users of accounts.

The board has now published all but one of the chapters of its draft statement of principles. This is designed to provide a conceptual framework on which to base future standards. In a political context it might also be seen as a kind of manifesto, setting out the board's vision of accounting to seek the endorsement of the business community. In these terms, it would not attract my vote.

Perhaps more worryingly, there has been very little public debate on the whole project, and there is a danger that we will end up with the framework being adopted without many people realising what it entails.

The ASB's proposals implicitly make the balance sheet the central plank of the financial statements, with the profit and loss account dependent upon it. Financial statements are to be built around rules for the recognition and measurement of assets and liabilities, not the allocation of transactions to accounting periods by the matching of items of income and expense.

Consistent with this perspective, the ASB appears to favour current valuations in preference to historical costs. Their approach seems to be to try to make the balance sheet more like a statement of wealth, with the movement in net assets being the pri-

mary measure of performance. Financial reporting, from this standpoint, is essentially an exercise in valuation.

I take a different view of the purpose of company accounts. I do not see them as trying to value the business, or even to value its individual assets, but simply as reporting the results of the transactions the company has entered into. It is for the market-place to value businesses; it is the role of accounts to provide some (and only some) of the information the market needs for that purpose.

Companies are generally valued, not by reference to their assets, but on the basis of the stream of cash flows which they are able to generate for their stakeholders. The financial reporting priorities which are relevant to this should focus on the profit and loss account more than the balance sheet.

This is in fact how accountants have traditionally approached the task of preparing accounts: by analysing the transactions recorded in the company's books and using the matching and prudence concepts to allocate them to periods, not by conducting an inventory of its assets and liabilities.

Because of this different perspective, I see historical costs as possessing a relevance which the ASB does not acknowledge. Historical costs represent the amounts at the time a company's transactions were actually undertaken and which gave rise to its actual cashflows. In contrast, current values are often more in the realm of opportunity costs.

I agree that there can also be a place for current value systems of

accounting, but I see no need to abandon historical cost accounting as the basis of the principal financial reporting model. In any case, it can always be supplemented by valuation information in the form of additional note disclosure if this is thought to be useful.

Perhaps memories are too short. Previous efforts to introduce systems of current value accounting, both in this country and elsewhere, have been unhappy experiences. The infla-

Trying to start with the balance sheet is like building a house from the roof downwards

tion accounting saga of the late 1970s and early 1980s was generally regarded as an embarrassing fiasco and did considerable harm to the standard setting process thereafter.

Valuations which are not verified by actual transactions are hypothetical and sometimes too far fetched to have much relevance to the business whose accounts are being presented. The business community's faith in the reliability of property valuations has been shaken by the turmoil in market conditions in the last few years, for instance, while the problems of valuing assets such as brands are even greater.

Apart from these measurement issues, there are some other respects in which the balance sheet and the profit and loss account approaches to accounting diverge. This is because the ASB's proposed definitions of

assets and liabilities will sometimes create a conflict with the matching and prudence concepts which form the basis of existing generally accepted accounting practice in the UK.

For example, FRS 3, the new standard on the profit and loss account, does not allow any provision to be made for the expected loss on sale of a business until a binding sale agreement has been concluded. The argument is that there is no liability until that point. But prudence would suggest that the loss should be provided for as soon as it can be foreseen, even if the contract has not yet been signed.

In my view, the allocation of transactions to the profit and loss accounts of successive accounting periods should determine what goes in the balance sheet, and not the other way round.

Some people may see this as an irrelevant distinction, arguing that the choice of route makes no difference, because you come back to the same answer. But the balance sheet under the matching approach which I prefer will include deferred items which do not meet the ASB's definitions of assets and liabilities, and should be seen more as a statement of residuals than as a statement of wealth.

The practical difference between the two approaches emerges in some of the more complex areas of financial reporting, such as accounting for deferred tax, foreign currency hedges or pension costs.

For example, under the matching approach which forms the basis of

present accounting practice, the cost of any past service pension enhancements is deferred and amortised over the future working lives of the employees who benefit from the enhanced award. In contrast, under the balance sheet approach the increased cost would have to be written off immediately, because it would not meet the ASB's definition of an asset.

Does it matter if the balance sheet includes such deferred items? Should it not be confined to "real" assets, as the ASB proposes? It might matter if it were ever possible for a balance sheet to show the wealth of a company in the first place. But except for investment trusts and similar companies, this is an unattainable goal.

At best, accounts can be expected to present only a rather stylised model of a company's financial affairs. We should never forget that financial reporting is not an end in itself, but simply a means of presenting information which allows its readers to gain an understanding of the commercial reality which lies behind it.

The most tangible expression of this reality is to be found in the cash flows which the company generates and the transactions which give rise to them. It is these transactions which users of financial information really need to understand, and which should provide the starting point for the preparation of the accounts.

Trying to start with the balance sheet is like building a house from the roof downwards.

Ron Paterson is a partner in the technical services department of Ernst & Young.

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Please send your curriculum vitae, together with an explanation of how you believe you meet the criteria of this post and include details of your current salary to Suzanne Karoly, Ernst & Young, Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NF, quoting reference SK477.

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For a confidential discussion or to apply, call Howard Foster on 071-387 5400 (eves 0727 855639) or write/fax your CV to Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN. (Fax: 071-388 0857).

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You will also be responsible for maintaining key accounting, reporting and control systems for this growing Business Unit and the provision of ongoing management information for both financial and operational management.

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X

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AGE 23-27

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Finance Director

Daryl Industries Limited is a successful, independent Wirral-based company which designs and manufactures a comprehensive range of bath and shower enclosures. We sell principally to builders' merchants and specialist retail outlets and are known throughout the sector for excellence in design, product quality and innovative marketing.

The company now wishes to appoint a Finance Director who will complement the existing Board members and complete a powerful team helping to achieve planned profits by developing new products and expanding sales both in Britain and abroad.

Candidates should be graduate chartered accountants aged 40 or under with experience in the manufacturing sector and skills including product costing, budgetary and financial control in a computerised environment. You will need to demonstrate the ability to contribute at Board level in a business where change is the norm and success is demanded.

Planned salary is £40,000 pa including bonus, company car and other benefits.

Apply, including details of your career and quoting reference 6521 to: Brian Jones, Grant Thornton Management Consultants, Heron House, Albert Square, Manchester, M2 5HD.

DARYL

SAFETY MARKS

FINANCIAL CONTROLLER

Join a successful management buy out team in the insurance industry

Kent

Lombard Continental Insurance (UK) is poised at the most exciting point in its 150 year history. Backed by a number of blue chip venture capital providers including Electra, Phoenix Fund Managers and BancBoston Capital, the company has recently undertaken a successful management buy out and is poised to reap the benefits of new found independence.

The key to this growth is contained in the qualities of each team member. A new position has been created for an ambitious finance professional. Working closely with the Finance Director as an integral part of the senior management team, your responsibilities will include both a strategic and operational input. Particular emphasis will be on increasing the operating efficiency of the management accounting, systems and credit functions, whilst in the medium term, participating fully in the necessary strategic planning to facilitate the next phase of the development of the company.

Candidates must be qualified Accountants of graduate calibre, aged 32-45, with a proven track record in financial management within a practice or the financial services industry, ideally with some experience of a plc environment. Highly developed judgement, interpersonal and communication skills are vital both in managing the internal team, working with other functions, and communicating with investors.

For an initial discussion in strictest confidence please contact Richard Alderman, quoting reference 4808 at De Lisle Stephens, 30 Cousin Lane, London, EC4R 3TE. Telephone 071 236 7307 or fax 071 489 1130. Please note all CVs will be forwarded to our retained consultants.

Lombard
CONTINENTAL INSURANCE (UK) LTD

FINANCIAL CONTROLLER, MARLOW

Minimum £26,000 + Performance Related Bonus

Our client is a market leader in the Wireless Data Communications Industry and a subsidiary of a Canadian Public Corporation. The recent formation of a UK Group of companies has provided an emerging growth situation for the Company to develop its current and future products within the International market place.

Reporting both to the Chairman, UK and the Secretary - Treasurer, Canada, an opportunity has arisen for an ambitious accountant to set up the accounting function within the UK. Initially, your responsibilities will include the design and implementation of a new Group accounting system, including the establishment of effective budgeting, cost and financial control procedures. Ongoing responsibilities include external reporting, preparation of consolidated financial statements, reporting to the Canadian Parent Company, tax administration and liaison with a variety of outside institutions. There is potential for the right candidate to become increasingly involved in the overall management of the UK Group once the accounting function is fully established.

The successful candidate will be ACA qualified with a minimum of 4 years post-qualification experience. At least 2 years will be within industry. You will already have experience of setting up new accounting procedures, preferably within a small company environment. You will also be computer literate. This role requires flexibility, as in the initial stages a hands-on approach is required. For the longer term, you will have breadth of vision coupled with integrity which will enable the organisation to continue to grow and develop within its field.

Saffery Champness

CONSULTANCY SERVICES LIMITED

To apply, please write explaining why your experience and approach would be suitable for this role, enclosing a full CV to: Sue Jeremy, Messrs Saffery Champness, Fulham House, Fulwood Place, Gray's Inn, London WC1V 9BS.

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Corporate Treasurer

Major Publishing Group

Up to £50,000 + benefits London

This well known publishing group has a turnover of £1/2 billion and healthy pre-tax profits. With a number of leading publications within the group, it is entrepreneurial in outlook and now poised for further development.

Reporting to the Finance Director, this high profile individual will play a key role in respect of the organisation's financing.

Responsibilities will include:

- Relationships with banks over debt financing
- Negotiations over lease finance

- Management of debt cost
- Development of strategy on treasury issues

In the longer term, activities will focus on the establishment and negotiation of a new debt portfolio, including access to the commercial money market.

To fulfil these requirements, we seek an experienced treasurer with a strong track record in debt management, which should include a network of banking contacts. Treasury experience could have been gained in either a corporate or

banking environment and you will see this as an opportunity to control your own treasury function in a major and forward looking company.

Please write, enclosing a full CV and quoting reference J/1396, to: Judith Richardson, Executive Search & Selection, Price Waterhouse, Milton Gate, 1 Moor Lane, London, EC2Y 9PB. Fax: 071-638 1358

APPOINTMENTS WANTED

SPAIN

Qualified Finance Professional (33) seeks position in Spain. Experienced in European Controlling, Analysis & Planning. Last 4 years resident in Germany and Spain. Fluent in Spanish & German. Write to Box 81694, Financial Times, One Southwark Bridge, London SE1 9HL.

EUROPEAN FINANCE DIRECTOR

• seeks role managing expansion of international group in Europe
• successful CFO of European service sector business
• M&A and negotiation experience in all major countries
• hands-on track record as FD covering reporting, control, and troubleshooting
• French, German, Spanish spoken
Write to Box 81672, Financial Times, One Southwark Bridge, London SE1 9HL.

Planning multi-currency card, processing or payment systems?

Results driven finance and operations manager has successfully setup and managed such systems. For more details, write in strictest confidence to Box No. 1693, Financial Times, One Southwark Bridge, London SE1 9HL.

EUROPEAN FINANCIAL CONTROLLER

Graduate, ACA, Age 36, lively, hands on and hardworking. Experienced in Airline sector, General Commerce and Corporate Finance. Seeks interesting short or long term appointments. Please write to Box 81679, Financial Times, One Southwark Bridge, London SE1 9HL.

MANAGEMENT ACCOUNTING

A KEY ROLE WITH AN INTERNATIONAL FOCUS

Central London
To £38,000 + car

This £multi-billion turnover plc currently has this opportunity for a Management Accountant to join one of its key business areas which provides financial services for its UK-based operations, international consultancy and investment business.

In this high-profile role which has a strong international focus, you'll provide a comprehensive management accounting service to all parts of the business, analysing and interpreting financial results, and defining and developing management reporting requirements.

A qualified accountant, you should have around five years' post qualification management experience, and sound knowledge of management and financial accounting procedures, and computerised financial systems. Able to work to tight deadlines, your strong interpersonal skills should be supported by excellent leadership ability.

Salary, depending on experience will be in the range £30,000 to £38,000. A generous benefits package will be offered including car, profit sharing, pension and relocation assistance where appropriate.

To apply, please send full cv quoting reference T5093/FT. Address to the Security Manager if listing companies to which it should not be sent. PA Consulting Group, Advertising and Communications, 123 Buckingham Palace Road, London SW1W 9SR.

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Finance Director Designate

c£40,000
CAR,
EQUITY POTENTIAL

NORTH WEST

An outstanding opportunity for a proven finance professional to assume both a functional and a commercial role in a business which is poised for considerable growth. The organisation is engaged in the creative design and manufacture of point-of-sale display equipment which is supplied to an extensive blue-chip customer base.

You will manage a small finance department and work closely with the directors in the pursuit of improved business performance and operating efficiency. Key issues within the full spectrum of financial management responsibilities include extensive interface with external finance bodies and bankers, the continued development of computerised costing systems, and a tighter control of working capital.

Candidates will be qualified accountants, aged 30-40, with an impressive background of Director/Controller experience which has been 'hands-on' applied in a small/medium sized company. The successful appointee will be a decisive and effective change agent with proven inter-personal skills and a strong boardroom presence.

Please send a comprehensive CV (or telephone for an application form) to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 061-839 2000, Fax: 061-839 0064, quoting ref. F.T.881.K.

Howgate Sable

SEARCH AND SELECTION: EXECUTIVES AND INDEPENDENT DIRECTORS

Group Finance Director

MULTI-SITE WHOLESALING

c£55,000

PERFORMANCE
BONUS,
EXECUTIVE CAR

NORTHERN ENGLAND

Well established and expanding, this £200 million turnover Group is itself a subsidiary of an acquisitive plc. The Finance Director will be a key member of a small head office team who operate together with considerable autonomy in developing corporate strategy.

Accounting for the trading outlets is centralised and computer based systems and controls are well developed. The Finance Director, with first class support, will manage the finance, IT and personnel functions, and provide the necessary interface between the Group Board and the parent company on all aspects of financial control.

Only qualified accountants, probably aged over 35 with a first class career record including experience with a major consumer product retail/wholesale chain, will be considered. A high degree of accounting and IT competency is demanded coupled with the social and communication skills necessary to operate at plc Board level, but above all we seek an ambitious commercial manager.

Please send a comprehensive CV (or telephone for an application form) to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 061-839 2000, Fax: 061-839 0064, quoting ref. F.T.876.A.

Howgate Sable

SEARCH AND SELECTION: EXECUTIVES AND INDEPENDENT DIRECTORS



Consulting Professional
(c.£30,000)

Newchurch & Company is a London based firm of business development advisers offering practical advice and assistance in organisational evolution, strategic development, research, acquisitions and fund raising. The Company has an established reputation for working with senior managers affected by the radical changes taking place in a range of social businesses in both the public and private sectors. We are growing rapidly and are currently seeking two professionals with strong academic credentials and a proven ability to apply pragmatic and innovative solutions. Good numerical and communication skills, both written and verbal, are essential for each post.

Acting as part of a team on consultancy assignments, including the development of existing products. Candidates are likely to be newly qualified ACA with a good first degree, possibly with proven industry experience, you will initially report to a director or project manager. The post offers an excellent opportunity to build a career in consultancy, with the prospect of handling your own assignments within a year. Candidates must be able to demonstrate financial modelling skills.

Interviews to be held 13th and 14th October at our offices. Applications with a full c.v. by Friday 1st October 1993 to: Richard Langford, Director, Newchurch & Company Ltd, 12 Charterhouse Square, London EC1M 6AX. Applications will be dealt with in the strictest confidence.

FINANCE DIRECTOR

Scotland/S.E England to £45,000 + Car

The appointment of a high calibre Finance Director is essential to the future expansion plans of our client, a market leader in the manufacture of branded consumer goods. The organisation is lean, profitable, ideally poised to enjoy a period of dramatic growth and expects to obtain a listing within the medium term.

Reporting to the Chief Executive, the successful candidate will assume responsibility for all finance, treasury, reporting and computing matters ensuring that financial controls and the development of systems keep pace with the company's growth potential. Additional emphasis is to be placed on strategic and acquisition planning and technical guidance.

Applications will only be considered from graduate Chartered Accountants, aged 30-40, who can demonstrate proven expertise in statutory reporting, corporate finance, mergers and acquisitions and I.T. matters. Outstanding interpersonal skills are a prerequisite. Initially based in Scotland, flotation plans may necessitate a relocation to the South East within 2 years. The excellent benefits package will give scope for equity involvement.

For further information please contact Malcolm J. Hudson on 071-831-2323 or alternatively, forward your CV in confidence to Hudson Shribman at Vernon House, Sicilian Avenue, London WC1A 2QH (Fax 071-404-5773).

HUDSON SHRIBMAN

Financial Recruitment

EUROPEAN FINANCIAL CONTROLLER

London to £35,000

This high profile appointment is with a £600m advertising and media billing group. The organisation has an unparalleled record of profitable organic and acquired growth, operates extensively throughout the UK and Europe and is regarded as a sector leader.

The growth achieved to date, together with the plans for future expansion, necessitates the recruitment of a European Financial Controller. This role will give excellent scope for continued career development as the group expands its European network.

Based in London and reporting to the European Finance Director, the successful candidate will be responsible for management and statutory reporting, systems and financial control for the Group's European operations together with all treasury and currency management and a number of ad hoc projects.

Applications are invited from graduate ACAs aged 28-35 who can demonstrate sound technical ability, have a strong treasury bias and who have a pro-active approach to making a real contribution to business. A minimum of 2 years relevant post qualification experience is desirable as is practical experience of multicurrency, treasury and investment matters.

For further information please contact Malcolm J. Hudson on 071-831-2323 or alternatively, forward your CV in confidence to Hudson Shribman at Vernon House, Sicilian Avenue, London WC1A 2QH (Fax 071-404-5773).

HUDSON SHRIBMAN

Financial Recruitment

BUSINESS PLANNER

Central London

Excellent Benefits
Package

Our client, a large and diverse trading plc, is currently witnessing a significant upturn in their UK and European operations. Historically they have demonstrated continued growth in this highly competitive marketplace through acquisition and on-going development of core businesses.

In order to capitalise on projected growth, they are now seeking to recruit an innovative Business Planner. Reporting into senior management, this is a pivotal role responsible for the development and implementation of strategic plans, short and long term forecasts, analysis of competitor markets and the identification of new target businesses.

The ideal candidate will probably, but not necessarily, be a graduate qualified accountant and will have first class commercial skills. This pro-active role involves extensive liaison with external partners, therefore in addition to good financial modelling skills you will also be expected to be a superb communicator.

This is an exceptional opportunity within a major UK company and carries a comparable benefits package.

For further information please contact Keith Tracy on 0444 416636 or alternatively fax your CV to him on 0444 416002

HEATHFIELD HARGREAVES
LIMITED

Chaucer House, 6 Bolton Road, Haywards Heath, West Sussex RH16 1BB
Tel: 01443 416025 Fax: 01443 416002

Group Chief Accountant

Our client is a hi-technology organisation operating in the global marketplace.

As one of the world's leading manufacturers and suppliers in this field, the Company is achieving dramatic growth in revenue and profitability.

Expansion has created the need to recruit a Group Chief Accountant with overall responsibility for managing the Group Accounting function.

Key tasks are to:

- ▲ lead the development and improvement of group accounting systems and policies
- ▲ coordinate the multi-currency consolidation of international sales and operational business units
- ▲ drive the monthly financial reporting procedures
- ▲ ensure compliance with annual and quarterly US GAAP and SEC disclosures.

Suitable applicants, from industry or practice will be aged 30 to 40, and will hold either an ACA or American CPA qualification. However, essential requirements include strong technical accounting and managerial skills, together with significant experience of US public company reporting.

Interested candidates should write, quoting reference number 16091, and enclose a Curriculum Vitae with salary details to: Tony Martin, Martin Ward Anderson, Goswell House, 134 Peascoe Street, Windsor, Berkshire SL4 1DS.

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HEAD OF MANAGEMENT ACCOUNTING

Our Client is an acquisitive and expanding UK division of a major US - owned FMCG Corporation. Its enviable record of profitability and growth is driven by a clear commitment to product research and advertising. As part of its development strategy, a key role exists for a commercially minded manager, capable of instigating and managing change in a heavily marketing-led environment.

The appointee will be expected to increase the effectiveness of the management accounting function. He/she will improve the dialogue between finance, marketing and operations and greatly increase the impact of financial information upon the commercial decision making process. Further responsibilities will include business performance reviews, co-ordination of capital expenditure proposals, input to the strategic planning process and control of efficiency of systems, procedures and staff.

Vital to the successful applicant's rapid progression within the company will be the ability to communicate effectively. Additionally, candidates for the role will be graduates, CIMA qualified and have a minimum of 5 years' FMCG or similar experience. Knowledge of US GAAP or Activity Based Costing would be ideal.

Interested individuals should write to Gerry Davies at Robert Half, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1EH. Alternatively, fax your details on 0753 841676. All enquiries will be treated in confidence.

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Attractive
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Location

ROBERT HALF
THE HUMAN FACTOR

SIDNEY SUSSEX COLLEGE, CAMBRIDGE OFFICE OF BURSAR AND STEWARD

The College intends to make an election to the combined offices of Bursar and Steward, the person appointed to join the College in February 1994 or as soon as possible thereafter. He or she will then work with the present Bursar and Steward, assuming the full responsibilities on 1 April 1994. The successful applicant will be elected simultaneously to a Fellowship of the College and will be an ex officio member of the College Council.

The Bursar and Steward is responsible to the College Council for all the financial and administrative aspects of the College's life and is centrally involved in all College policy and planning. He or she is also directly involved in budgeting and expenditure control, catering and accounts, buildings, financial aid, estates policy, assistant staff, conferences and appeals. It is also the intention of the College to create shortly a new post of assistant to the Bursar and Steward who will assume some of the immediate responsibilities for a range of the domestic duties.

The stipend will be within the range of £27,000 - £35,000 p.a. and the election is for three years in the first instance, with eligibility for re-election for successive periods not exceeding five years at any one time. Further written particulars are available from the Master's Secretary. Applications (10 copies), should be sent to the Master, Sidney Sussex College, Cambridge CB2 3ET, tel (0223) 338800, fax (0223) 338884, as soon as possible and should reach him by 22 October 1993 at the latest. Applications should be accompanied by a full curriculum vitae and the names, addresses and telephone numbers of not more than three referees, whom the College can contact immediately. Testimonials should not be sent.

The College is an Equal Opportunities Employer.

APPOINTMENTS WANTED

FINANCE DIRECTOR/ CONTROLLER

ACMA with 15 years post-qualification experience in both large and small high-tech manufacturing and software companies, including experience of USA and European subsidiaries. Seeks new challenge in No 1 role (temporary assignments also considered).

Write to Box B1665, Financial Times,
One Southwark Bridge, London SE1 9HL

Financial Controller

To £35,000 + relocation package Portsmouth

The Defence Research Agency is an Agency of the Ministry of Defence. Our mission is to be the prime provider of technical advice to the MoD. We also provide advanced technical services to other Government departments and to private industry. Under the leadership of a Chief Executive recruited from industry, we are undertaking a dramatic programme of change to become a progressive, professional and efficient commercially-run organisation, whilst preserving our traditional scientific excellence, objectivity and international standing.

As part of this process we need to recruit an outstanding Financial Controller for a high profile role in a £85M turnover business sector.

The Financial Controller will be a key member of the sector's management team and will advise the Director on all aspects of financial and business management. The Financial Controller will lead a team of finance staff to provide sector management with the advice and information needed to run the business and ensure effective financial control. This work will encompass the development of systems and controls, preparation of budgets and the preparation, review and analysis of monthly reports.

Candidates should be graduate qualified accountants with a record of achievement gained in a similar role in a large corporate environment. Essential requirements are to manage change and to communicate effectively with professionals of other disciplines.

The appointment is for a fixed term of three years and may be extended to five years.

Please forward your C.V. together with a letter explaining how your skills and experience would suit you to this role, quoting reference FT/FC/193, to the Senior Staff Personnel Office, DRA Farnborough, Hampshire GU14 6TD. Telephone (0252) 394612/394610.

Closing date for receipt of completed applications is 1st October 1993.



DEFENCE RESEARCH AGENCY
WE ARE AN EQUAL OPPORTUNITIES EMPLOYER

FINANCIAL DIRECTOR

Cambridgeshire

Up to £45,000 + Car + Bonus
+ Potential Equity Participation



Our client is a small but rapidly growing and highly profitable hi-tech company, operating in niche markets which offer exceptional scope for growth in the UK and internationally.

To move the organisation forward into the next phase of its development, the existing Board of Directors wishes to appoint a Finance Director with a proven track record in a fast-growing, competitive industry. The emphasis of the role will be on adding value to the commercial and strategic direction of the business, in addition to the firm management of the finance function. Other key tasks will include:

- Implementation of systems to provide quality management information
- Investment Appraisal on key strategic projects, including acquisitions
- Strategic Appraisal of business performance and identification of key performance indicators.

The appointment offers a rare opportunity for a dynamic individual who is a qualified accountant, probably aged 35 to 45, to make a rapid contribution in an exciting company through the provision of effective financial management and advice at Board level.

To apply for this position please send your Curriculum Vitae to **Claire Holden or John Rose** at the address below, quoting Ref: SA1814. Alternatively by fax on 0727 840662.

HARRISON WILLIS
FINANCIAL & LEGAL RECRUITMENT CONSULTANTS
47 London Road, St. Albans, Herts AL1 1UJ. Fax: 0727 840662
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FINANCIAL CONTROLLER (F.D. DESIGNATE) Budapest

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Hungarian
Package
including
Western Car



We are acting on behalf of one of Hungary's leading textile Companies, recently privatised and re-financed. The Company produces sports and leisurewear for many of the world's leading brand names, as well as its own high-quality apparel. In addition, the Company has retail operations which are being expanded.

Following the recent financial re-organisation of the Company, it now seeks to recruit a Financial Controller to work closely with the Managing Director, who is a British FCA.

Responsibilities will include the improvement of financial reporting and stock control systems, management accounting, forecasting and standard costing.

The candidate will be responsible for ensuring compliance with Hungarian accounting requirements and the production of accounts in international accounting format, and will manage a department of 22 staff.

The candidate must be fluent in both English and Hungarian, (an understanding of German would be an advantage, but not essential).

Experience of controlling an accounting department in a manufacturing environment is important, as are excellent communication and team-management skills.

Ez a állás ajánlat különösen azoknak a magyaroknak van címezve, akik nyugati vállalatoknál dolgoznak és biza kívánnak térni.

For further information please contact **Mr. Viv Blake** at **FSS Europe**, Drayton House, Gordon Street, London WC1H 9AN, England. Telephone number: (44) 71 387 5400. Fax: (44) 71 388 0857, sending a C.V. with a photograph.



FSS EUROPE

APPOINTMENTS ADVERTISING
appears every Wednesday & Thursday (UK)
& Friday (Irish only)

Friends Provident is one of the UK's leading life assurance companies, with total assets under management of some £9 billion world-wide. The Estates Department manages a property portfolio which is currently valued at approximately £1 billion.

Accounting and Administration Manager

Estates Department
c£35k + car + benefits

Reporting to the Chief Management Surveyor and heading a team of 26 you will ensure the provision of efficient, comprehensive and effective accounting, administration and insurance services in respect of all property assets owned by the Office.

A Chartered or Certified Accountant, it is envisaged that you will already have a minimum of 15 years' accounting experience, a substantial amount of which will have been gained dealing with accounting and administration matters relating to a sizeable commercial investment and development property portfolio. Some knowledge of mortgage business would be desirable. Beyond the obvious qualifications the position demands a high degree of judgement, maturity and the ability to communicate with others.

In return, we offer an attractive salary and excellent benefits which include company car, free BUPA, non-contributory pension scheme, mortgage subsidy scheme and subsidised restaurant.

To apply please send your CV to **Gill Welch**, Personnel Officer, Friends' Provident Life Office, Pixham End, Dorking, Surrey RH4 1QA.

FRIENDS PROVIDENT

DORKING

Moat Housing Society is a leading South East Housing Association providing quality, affordable housing for rent and shared ownership.

Moat will spend almost £60 million in 1993 on new housing and will provide more than 3,000 homes through new development by 1997.

MANAGEMENT ACCOUNTANT £25,000-£27,000

Based at our Head Office in Sevenoaks, Kent, we require a qualified accountant to provide a first rate management accounting service in conjunction with the Financial Controller.

Your main tasks will be:

- Production of monthly management accounts
- Assisting with the budgetary process
- Accounting for "special needs" schemes

The successful candidate will:

- Be a qualified accountant, ideally with at least 2 years post qualification experience
- Have excellent verbal and written communication skills
- Be a proficient spreadsheet user

For further information and an application form please ring 0732 743809 (24 hour answerphone)

Closing date for all applications: Monday 27th September 1993. No CVs please.

MOAT

Moat is working to implement its Equal Opportunities Policy.

TREASURY CONTROLLER

Reporting to the Chief Operating Officer, you will be the main contact point in the Finance area for all Treasury and Capital Markets issues with responsibility for:

MILAN

**Merchant
Banking**

- Monthly control of all financial matters relating to Treasury and Capital Market Products
- Interest Rate and Currency Risk Mandate Exposure Reporting
- Documentation for Asset and Liability Management

This is an excellent opportunity for a graduate in their early/mid thirties with fluent Italian to join a dynamic international group with outstanding future prospects.

Interested candidates should write in confidence to **Christopher Stokes** at: **Nicholson International Italia** (Search & Selection Consultants), via Cernaia 11, 20121 - Milano, Italy, quoting reference TC 3793, or fax details on 39-2-29010310.



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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

INTERNATIONAL COMPANIES AND FINANCE

Kredietbank advances to BFr4.96bn in first half

By Andrew Hill in Brussels

KREDIETBANK, one of Belgium's largest private banks, increased net consolidated profit to BFr4.96bn (\$1.45bn) in the first half of 1993. The group said profits had risen by 17 per cent from the BFr4.2bn of net profits calculated for the equivalent period. Direct comparison was not possible because of the change in Kredietbank's year-end in 1992. The group forecast full-year profit "in line with the trend of the past years", during which it has recorded average annual increases of 13 per cent. In 1992, group profits rose by 14.3 per cent to BFr8.47bn, restated for a full year.

The group is to pay an additional non-recurring net

interim dividend of BFr90 per share next month, linked to the change in the year-end.

Kredietbank said the strong increase in profit in the first half was due to a "sharp expansion in activity", improved control over costs, and better risk management. The group's balance sheet total, for example, has risen by 7.8 per cent since the end of December 1992, from BFr2.279bn to BFr2.458bn. At the same time, current operating costs have risen only 3.2 per cent, while the ratio of costs to gross income has come down from 58.4 per cent at the end of 1992 to 55.1 per cent.

Kredietbank also succeeded in restricting the effect of depreciation and provisions to BFr1.18bn, almost unchanged

compared with the equivalent period. Provisions for country and credit risks dropped by about 20 per cent, in spite of the increasing number of bankruptcies and the weak economy in continental Europe.

"Last year we were very careful and we made large provisions, because we were afraid the business cycle would slow down and we would have some problems. That was not the case," the company said yesterday.

Instead, during the first half, the group was able to set aside funds for modernising computers in its branches, and to increase contributions to reserves by a third.

Profit before tax rose by 32 per cent to BFr7.98bn in the first half.

Austrian oil group announces shake-up

By Ian Rodger in Vienna

OMV, the troubled Austrian integrated oil and petrochemicals group, has embarked on a Sch8.7bn (\$331m) restructuring programme to bring it back into profit next year.

The partially privatised group revealed last Friday that it would suffer a Sch1bn operating loss and pass its dividend this year, as slumping prices in European markets undermined its refining and petrochemical product margins. It had earlier forecast a modest profit for the year.

Mr Richard Schenz, the chief executive, said yesterday that the group would cut 40 per cent of its ammonia fertiliser capacity and would withdraw its geotextiles subsidiary from the US market.

These and other restructuring measures would entail the loss of at least 1,500 jobs, nearly 12 per cent of its workforce, over the next two and a half years.

The group's latest reverses have shaken both its own supervisory board and the Vienna Bourse, although public threats by Mr Oskar Grünwald, the supervisory board chairman, to sack the person director and strip Mr Schenz of some responsibilities have not been carried out.

Mr Schenz said he was still hopeful that the first step in the group's full privatisation plans, the sale of a 20 per cent stake to a strategic partner, could be fixed before year-end.

He admitted he was wrong to make a profit forecast in April, but said he could not be blamed for the sudden deterioration in trading conditions in the second quarter.

The group suffered its largest loss - Sch417m - in the second quarter, more than treble the loss in the first quarter. It was then that the managing board decided it had to take radical steps rather than hope that an economic recovery would enable it to restructure more gradually.

Mr Schenz said he was not going to resign, and that the question was not discussed at Wednesday's supervisory board meeting.

Thyssen, Preussag lift Ekostahl bid

By Judy Dempsey in Berlin and Ariane Genhart in Bonn

THYSSSEN and Preussag, Germany's steel manufacturers, have stepped up their efforts to buy Ekostahl, the logmaking east German steel mill.

The companies launched a new proposal which, for the first time, includes an offer to inject cash into the struggling steel group.

The move is aimed at stemming competition in the region, and blocking Ekostahl's purchase by Riva, the Italian privately-owned steel maker.

Thyssen and Preussag are offering initially to buy 50 per

cent of Ekostahl's cold-rolling mill and close down the hot-blast furnace within the next three years.

They want the Treuhänder, the state agency in charge of privatisation, to take absorb any losses during the restructuring period.

The consortium is also offering to create 1,000 new jobs in Eisenhüttenstadt through its subsidiaries.

These would include recycling and construction. The moves might offset lay-offs of about 1,600 at Ekostahl itself.

The German offer coincides with growing pressure on Bonn from the European Commission to privatise

Ekostahl as quickly as possible.

The privatisation of the east German plant at Eisenhüttenstadt would allow the Commission to move forward in its negotiations with state-owned producers in Spain and Italy aimed at reducing state subsidies and cutting overcapacity.

After talks in Brussels earlier this week, Mr Günther Rexrodt, Germany's economy minister, yesterday told the country's steel industry to speed up the privatisation of Ekostahl.

However, a Treuhänder official said that it was still not clear "how serious" Thyssen and Preussag were in saving

Ekostahl from closure in the long term.

The official added that the latest plan was "more concrete" than those presented during the summer, which had primarily focused on offering management expertise.

Ekostahl's annual production has already been reduced from 2.5m tons to 900,000 tons.

The labour force has been cut from 12,000 to 3,500 full-time employees.

However, the Treuhänder said that negotiations with Riva were progressing and the Italian group was interested in acquiring a majority stake, as well as turning Ekostahl into a competitive mini-mill.

Olivetti targets mobile telecoms market

By Haig Simonian in Ivrea

OLIVETTI, the Italian computer group due to report first-half results next week, hopes to break into Italy's buoyant mobile telecommunications market. The Italian market is Europe's second biggest after the UK, with more than 900,000 subscribers.

Mr Corrado Passera, joint managing director, asked the government to respect a European Community deadline to name a second operator for the GSM network by early 1993.

Olivetti is one of three consortia bidding for the licence. Although rivals include Fiat and Pirelli, Olivetti's combination of information technology and communications would expand the Italian market.

Olivetti, which made a L849.9bn (\$433m) net loss last year, is expected to announce a further heavy loss for the first half of this year when it reports next Friday.

However, while this year's first-half loss may be appreciably higher than the L83.4bn

loss in first six months of 1992, analysts believe the results will show the group has contained the severe earnings slump suffered during the second half of last year.

Group sales are expected to rise by more than 5 per cent. Although the value of sales outside Italy will be inflated by the lower lira, analysts believe the depreciation has pushed up costs owing to higher component prices. Forecasts for the full-year results predict a net loss of more than L400bn, prior to breaking even in 1994.

Previously written off to reserves, is a procedure required by new accounting standards and has no impact on shareholders' funds.

The 185-store Silo chain is being sold to Fretter in return for a 30 per cent stake in the enlarged Fretter group, \$30m of 5 per cent convertible preferred stock, and \$15m of 6 per cent preferred stock. Fretter will change its name to YES! Your Electronics Superstore.

The investment will be accounted for by Dixons as a related company. The 5 per cent preferred stock could be converted at any time into ordinary shares, giving Dixons a potential stake of 49 per cent. Lex, Page 16

Union Minière profits fall 46%

By Andrew Hill

UNION Minière, the Belgian metals group, yesterday forecast a difficult second half after announcing a 46 per cent fall in operating profits for the first six months of 1993.

Consolidated operating profit fell to BFr478m (\$14m) from BFr894m for the six-month period, but the group said it was pleased to have recorded a positive result in spite of "an extremely unfavourable economic environment".

The company attributed its resilience to costly rationalisa-

tion measures taken over the last two years, but a spokesman warned that operating results in the second half would be even worse than in the first six months.

The group managed to reduce its share of losses after tax to BFr186m, compared with a loss of BFr1.39bn in the first half of last year, when the results were dragged down by extraordinary restructuring charges of BFr1.49bn.

In the first half of 1993, the extraordinary loss was BFr243m, including the BFr176m cost of nearly 600

redundancies. The same number of jobs is likely to be cut from the company's 13,400 workforce in the second half.

Société Générale de Belgique, Belgium's largest holding company, owns 75 per cent of Union Minière, an investment which represents about 20.5 per cent of the holding company's portfolio.

La Générale said yesterday that it was still seeking an industrial partner for Union Minière to help reduce the holding company's exposure to the cyclical industrial sector.

Saint-Gobain posts sharp downturn

By John Riddling in Paris

SAINT-GOBAIN, the French glass and building materials group, yesterday announced 1993 first-half net profits of FF452m (\$68m), a sharp fall from the FF1.4bn recorded in the same period last year.

The decline in profits was blamed on "the scale of the economic crisis in Europe", which the company said affected virtually all of its product markets. The company said that all of its principal customers in the building, vehicle and packaging sectors

had sharply reduced demand, resulting in weaker volumes and prices.

The downturn was reflected in the sales figures for the half, which declined to FF357.4bn from FF387.7bn in the 1992 period.

In spite of the problems in its European markets, the company said there were some bright spots in the first-half performance.

The US and Latin American markets benefited from stronger general economic conditions, which Saint-Gobain described as "encouraging".

All of the company's divisions suffered a fall in profits with the exception of building materials, which receives about 90 per cent of its sales in the US. Glass operations suffered from the sharp contraction in the European car market, while the fibres division suffered from a fall in prices.

At the end of the first half, the group's net debt stood at FF18.1bn, about the same level as at the beginning of the year, and about FF2.2bn less than at the end of June 1992.

NOTICE INVITING BIDS FOR SPECULATIVE SURVEY BLOCKS IN INDIA FIRST ROUND-1993

The Government of India announces the offer of blocks for carrying out speculative geophysical and other types of surveys with a view to upgrade the available information on the hydrocarbon potential of unexplored sedimentary basins. A total of 35 blocks (21 offshore and 14 onshore), are on offer.

CONTRACT FEATURES:

- Speculative surveys to be carried out in specified areas/blocks.
- After the completion of speculative surveys, these Blocks would be offered in the subsequent rounds of exploration bids.
- Petroleum exploration licence in the name of the Contractor to be granted.
- Provision for providing to the Contractor any earlier data wherever available for reprocessing/interpretation/survey planning, etc.
- The acquired speculative survey data to be sold to interested hydrocarbon exploration companies in India and abroad.
- The original data acquired and two sets of all processed, reprocessed and interpreted data will be given free of cost to the Government of India.

BID ITEMS:

- Type of survey and the minimum work programme.
- After recovery of cost through the sale of acquired data, the companies may bid for the manner of sharing profits with the Government of India.
- Companies to indicate the period within which work would be completed within the prescribed limit.

AVAILABILITY OF DATA: A docket on each basin has been prepared containing information on regional/local geology and the status of exploratory activities in the blocks. Separately, data packages containing seismic sections, gravity and magnetic anomaly maps, well data including wireline logs, structure contour maps, etc. are also available for most of the Blocks.

There is no limit on the number of Basins and blocks for which data could be purchased or bids made.

For further information and purchase of dockets/data packages contact:-

Head, EXCOM Group, Oil and Natural Gas Commission, 7th Floor, Bank of Baroda Building, Parliament Street, New Delhi-110 001, INDIA Tel.: 3715291, 3317205 Telex: 031-65184, 031-66262 Fax: 3316413

Bids should be submitted in sealed envelope superscribed "Confidential: Speculative Surveys (1993)" not later than 1500 hrs. on Tuesday, 30th November, 1993 to:-

The Director General of Hydrocarbons, Government of India, Ministry of Petroleum & Natural Gas, Room No. 238-A, 2nd Floor, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi-110 001, INDIA Fax: 384787 Telex: 031-66235

NOTICE TO HOLDERS OF

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To exercise such option, the holder must deposit such Bonds to be redeemed (together with all unremitted coupons) at the address mentioned on the Bonds, at any time between November 1, 1993 and December 1, 1993 (both dates inclusive). Any Bonds so deposited may not be withdrawn without the prior consent of CIR International S.A.

Luxembourg, September 17, 1993

The Principal Paying Agent

KITL Kredietbank Luxembourg

This announcement appears as a matter of record only August 1993

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Further to the DIVIDEND DECLARATION of 7th SEPTEMBER 1993, NOTICE is now given that the following distribution will become payable on or after 24th SEPTEMBER 1993 against presentation to the Depository (as below) of Claim Forms listing Bearer Depository Receipts.

GROSS DISTRIBUTION PER UNIT 1.00 CENTS

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BGSS DEPOSITORY SERVICES

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1st half 1993

LAFARGE COPPÉE

Net income steady

With first-half 1993 net income steady, Lafarge Coppée has once again demonstrated its ability to withstand a persistently depressed international environment.

Sales edge down

Consolidated sales for the six months to June 30, 1993 totalled FRF 14.3 bn, 5% less than in the same period of last year.

When restated for comparable structures and exchange rates, first-half sales were down 4%. This reflects a sharp 8% decline in the first quarter followed by near stability (-1%) in the second.

Net income steady

At FRF 693 million, net income, is virtually unchanged from the same period of last year (-0.3%), due to lower financial expenses and taxes, and the positive impact of buying out some minority interests. Earnings per share are down 8% to FRF 123.

Rise in working capital provided by operations

Working capital provided by operations totalled FRF 1,491 million, up 11.6% on the first half of 1992. This, combined with income on asset sales, was enough to finance investments totalling FRF 1,939 million.

Lafarge Coppée's financial position remains sound

Lafarge Coppée's financial position remains sound, with net debt held to FRF 10.2 billion compared with total shareholders' equity of FRF 22.8 billion.

Operating income (EBIT) eases

With European business conditions in the doldrums for the third year running, operating income fell 10.6% from FRF 1,630 million in the first half of 1992 to FRF 1,457 million.

Despite a 5% decline in sales volumes, cement saw a rise in operating income driven by rapidly expanding demand in former East Germany, price increases in the United States, and cost-cutting in France and Spain.

Concrete and aggregates business was particularly hard hit by the economic slowdown, and on-going efforts to streamline operations did not suffice to offset declines in sales volumes.

Higher wallboard prices helped maintain gypsum products' contribution to earnings, while specialty products suffered from lower sales volumes. Bioactivities' contribution to earnings eased, due in particular to competitive pressures in biochemicals.

FRF millions	June 1993	June 1992	Change %
Sales	14 280	15 060	-5.2 %
Net income, group share	693	736	-0.3 %
Working capital provided by operations	1 491	1 336	+11.6 %
Operating income (EBIT)	1 457	1 630	-10.6 %

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Notice of Interest Amount

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Floating Rate Notes

NOTICE IS HEREBY GIVEN that the LIBO RATE for the INTEREST PERIOD beginning September 15, 1993 and ending on March 15, 1994 has been fixed at 4.1406%. The INTEREST AMOUNT totalling \$372,415.48 payable on the SEMI-ANNUAL DATE falling on March 15, 1994 is comprised of the following amounts:

Series	Interest Amount
A	\$118,959.98
B	\$ 86,911.47
C	\$ 59,479.99
D	\$ 44,609.99
E	\$ 44,609.99
F	\$ 17,844.06

September 17, 1993

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INTERNATIONAL COMPANIES AND FINANCE

Court deals blow to Japanese shareholders

By Robert Thomson in Tokyo

JAPAN'S shareholders' rights movement suffered a setback yesterday when the Tokyo District Court ruled that the directors of Nomura Securities were not required to reimburse the securities house for losses incurred in compensating favoured corporate clients for stock investment losses.

The ruling, which comes amid a growing debate on shareholders' rights, followed an unusual damages claim by an individual investor, Mr Yoshinori Ikenaka of Osaka, who wanted the 14 directors to pay Nomura ¥100m (\$943,300) for approving ¥382m in compensation to Tokyo Broadcasting System (TBS) for stock losses in 1990.

Japanese courts are generally reluctant to set clear precedents, though the decision yesterday was welcomed by Japanese firms fearing a rush to new litigation after changes to the Commercial Code in June eased filing requirements for shareholder litigations.

In the case of Nomura, Japan's biggest securities house, Judge Yoshihiro Katayama ruled that the former board did not necessarily act against shareholder interests in compensating TBS for its losses, as the board had wanted to secure the broker's long-term relationship with the broadcasting company.

Judge Katayama said the decision to compensate did not involve a breach of the directors' powers of discretion when the circumstances of the period, in particular the market crash, were taken into account. He said shareholders had profited from business with TBS after it was compensated.

However, the judge said loss compensation by Japanese brokers, common after the crash, should be criticised as it undermined public confidence in the fairness of securities markets and was an apparent violation of the anti-monopoly law.

Nomura said the court's decision reflected judicial awareness of the importance of long-term links between Japanese companies, though the broker suggested that shareholders' rights will not be hindered by the ruling.

Japanese brokers have generally supported the campaign for improved shareholders' rights, believing that investor confidence in the stock market has been damaged by a series of broker scandals, including loss compensation and links to gangster groups.

Earlier this month, the Japanese Supreme Court ruled that six former executives of Mitsui Mining must pay ¥100m in compensation to the company for manipulating its share price. After that decision, Japanese lawyers said the case appeared to be an exception.

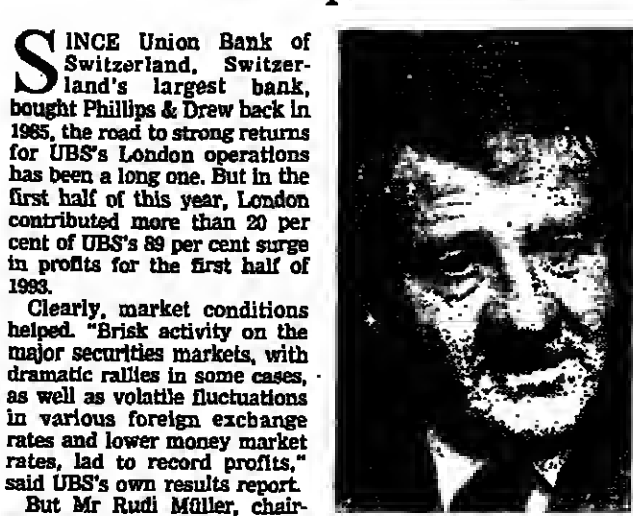
They said the stock manipulation was blatant in the Mitsui Mining case and the ruling would not necessarily influence other actions based on allegations that directors had been incompetent or negligent.

The Tokyo Stock Exchange has imposed fines of ¥5m each on three Japanese securities houses, Daiwa Securities, Yamachichi Securities and Universal Securities, Renter reports. The exchange said it had fined Daiwa for its compensation of a client in May-July 1991. Daiwa made up for the client's investment losses worth ¥130m.

Earlier this year Yamachichi and Universal ran into trouble in connection with the illegal manipulation of shares.

Treading a road to strong profits

UBS's London operation believes it is on track, says Tracy Corrigan



Rudy Müller: 'We are going to be increasingly important'

SINCE Union Bank of Switzerland, Switzerland's largest bank, bought Phillips & Drew back in 1985, the road to strong returns for UBS's London operations has been a long one. But in the first half of this year, London contributed more than 20 per cent of UBS's 69 per cent surge in profits for the first half of 1993.

Clearly, market conditions helped. "Brisk activity on the major securities markets, with dramatic rallies in some cases, as well as volatile fluctuations in various foreign exchange rates and lower money market rates, led to record profits," said UBS's own results report.

But Mr Rudy Müller, chairman and chief executive of UBS Limited, the London operation, insists that market conditions are only one factor. "Our build-up has thoroughly paid off and we are going to be an increasingly important financial institution," he says.

UBS's progress can be measured in both financial and linguistic terms. The contribution of foreign operations, of which London is the largest component, was 5 per cent 10 years ago, 20 per cent last year and 40 per cent so far this year. With domestic banking under pressure, the growing contribution of institutional banking operations outside Switzerland "has come at the right time," says Mr Müller.

In debt underwriting, UBS ranked sixth in the first six months of this year, according to IBIS Securities Data. Even more impressive, UBS ranked second in Acquisitions Monthly's league table of advisers on European cross-border acquisitions completed in the year to

June. However, its ranking in the syndicated loans market has slipped to 12th, according to IFR.

"In looking at our results in the last two years, a lot of money has come from traditional products, such as equities and gilts," says Mr Müller. He says that equities have been consistently profitable since 1991. However, this year it is the merged debt/treasury operation which has been the "star performer. This has been the big breakthrough."

In retrospect, Mr Müller admits that mistakes were made on the way. "It's a bit delicate. If we were today to take over an organisation like P&D, we would most certainly take over the management straight away."

Back in 1985, when the bank already had two London operations, UBS Securities and a bank branch, the decision was taken to "let the three units [including P&D] run in parallel for a few years, to see how things would develop after Big Bang."

As it turned out, the changes brought about by the Big Bang were more dramatic than had been foreseen. "The business changed so fundamentally that P&D got into some difficulty with back office administration. They were not able to cope with the new environment."

Then came 1987, a bad year for many financial institutions but a black time for UBS, which, on top of the stock market crash, was caught up in financial scandal over the Elton Arrow rights issue. "It cost a lot of money and took a lot of time," says Mr Müller. At the end of that year, he was given the task of reining in the three businesses, scattered among 11 locations around London, and of bringing the administrative side of P&D under control.

Finally, early in 1989, UBS Phillips and Drew was formed, and the firm moved into Broadgate, the modern City office complex. "Moving all the units together created the cornerstone of success," he says.

While the London operation may have come right in the end, other foreign bankers in London find it hard to be benevolent, well aware that they would never have been given the same leeway as Mr Müller by their parent bank, and some remain sceptical.

While UBS as a whole exceeded its 10 per cent target for return on equity in the first half, they suggest that London's strong performance would have to persist for some time for UBS to recoup its

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FINANCIAL TIMES

NEWSLETTERS

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Irregular forex deals hit Nippon Steel unit

By Robert Thomson

NIPPON Steel Chemical, a chemicals subsidiary of Nippon Steel, the world's largest steel maker, yesterday forecast a pre-tax loss of ¥12bn (\$113.2m) for the year ending March, following foreign exchange losses on unauthorised trading by an accounting division chief.

The company had previously forecast a loss of ¥3.5bn, but the continued slowing of domestic industrial demand for resins and composite materials has added to damage caused by the foreign exchange losses, estimated at ¥14.2bn.

These losses arose from irregular deals by the head of the company's forex division, who died in a train accident in May.

He had invested ¥47.3bn in forward contracts, apparently breaching a company rule that

Anglovaal lifts dividend by 5%

By Philip Gawith in Johannesburg

ANGLOVAAL, the South African mining and industrial group, reported improved profits for the year ended June, and is increasing its dividend to 105 cents a share from 100 cents.

Net earnings rose by 6 per cent to R293.1m (\$98.2m), due mostly to a strong performance from the industrial operations. The group forecast a further improvement in profits for this year.

Anglovaal is one of South Africa's six big mining houses, but 69 per cent of earnings last year came from industrial operations - Anglovaal Industries - where the performance was boosted by lower tax and a full year's contribution from the Anglo-Alpha cement arm.

Income from the group's main direct mining investments - gold, copper and manganese - fell by 20 per cent to R37.9m.

Income from indirect mining investments rose marginally to R34.2m from R28.6m.

Financial earnings were substantially lower - down to R17.9m from R29.8m - as a result of lower cash holdings and falling interest rates.

Earnings were also affected by the troubles at the Crusader Life Insurance company. Provisions have been made for potential losses in this area.

Group turnover rose by 4 per cent to R45.5bn but pressure on margins saw operating profit fall by 4 per cent to R719.5m from R747.8m.

The rise in attributable profit was the result of a lower tax bill and an increase in equity accounted earnings.

Fay, Richwhite after-tax profits rise to NZ\$53m

By Terry Hall in Wellington

FAY, Richwhite, the New Zealand merchant bank, yesterday reported after-tax profits of NZ\$53.7m (US\$33.1m) for the year ended June, up from NZ\$43.3m a year earlier.

Pre-tax profits were little changed at NZ\$41m. The net result includes a NZ\$40.7m profit on the sale of shares in Bank of New Zealand, while the 1991-92 result took in a NZ\$10.1m credit from equity earnings against zero this time.

Mr David Richwhite, joint chief executive, said the merchant banking operations earned NZ\$17m in the year, up from NZ\$12m.

Non-recurring costs were NZ\$5.1m relating to the holding costs of the Bank of New Zealand shares. Mr Richwhite said that total income from the banking division was NZ\$77m. Income from the New Zealand division was in line with budget but Australian profits fell.

He said that the company expected to report an improved result in the current year from its merchant banking operations. Total group assets were NZ\$266.6m at end-June.

Mandarin Oriental slightly ahead

By Simon Davies in Hong Kong

MANDARIN Oriental, the Jardine Matheson group's Hong Kong-based luxury hotel company, yesterday announced a 2 per cent increase in profit attributable to shareholders of US\$19.5m for the six months ended June, up from US\$19.2m a year earlier.

The results were below expectations, primarily due to the further decline in earnings from the 45 per cent owned Oriental hotel in Bangkok, and a weak performance from the group's hotel interests in Macau, where there has been a substantial increase in the supply of luxury hotel rooms over the past year.

Group turnover increased 7.7 per cent to US\$78.1m at the interim stage, and operating profit recorded a 16 per cent increase, due to improved performance from the two wholly-owned properties in Hong Kong - the Mandarin and the Excelsior - and from its hotel in Manila.

Mr Simon Keswick, chairman, said: "In the first half of the year, the group's strong performance in Hong Kong was largely offset by weakness in most of our other markets. If the same trend continues, the results for the full year are expected to remain little changed [from 1992]."

The interim dividend is being held at US\$1.41 a share.

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UNBUNDLING OF GENCOR'S NON-MINING INTERESTS

Proposed Sankorp Facility for Non-Resident Shareholders

As previously announced, Gencor has procured that Sankorp will make a facility available for Gencor non-resident ordinary shareholders. The facility will, in effect, enable such shareholders who elect to utilise it, to sell their pre-unbundled Gencor ordinary shares to Sankorp, on condition that Sankorp will according to a pre-determined formula, transfer to them as consideration after the unbundling, an appropriately greater number of post-unbundled Gencor ordinary shares in registered form. Further information relating to the facility which will be administered by Smith New Court Corporate Finance Limited on behalf of Sankorp, including details of those shareholders who will be eligible to participate, will be published on or about Friday, 24 September 1993.

It is expected that the Sankorp facility will be available only to shareholders registered as such at close of business on 8 October 1993.

Gencor (U.K.) Limited
30 Ely Place
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17 September 1993

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Agent: Morgan Guaranty Trust Company
JPMorgan

£75,000,000 HMC FINANCING 3 PLC
Class A
Mortgage Backed Floating Rate Notes due December 2018

For the interest period from September 15, 1993 to December 15, 1993 the Note Rate has been determined at 6.3650% per annum. The interest payable on the relevant interest payment date, December 15, 1993 will be £371.60 per £42,317.62 nominal amount.

By: The Chase Manhattan Bank, N.A.
London, Agent Bank
September 17, 1993

ANNUAL INVESTOR STATEMENT
Dated as of August 16, 1993

Chrysler Credit Corporation
Carco Dealer's Wholesale Trust 1990-A

Annual Investor Statement as of August 16, 1993, for the one year period commencing August 13, 1992, extending on August 12, 1993 (the "Annual Period") as provided by Chrysler Credit Corporation, as Servicer.

The following information is provided by Chrysler Credit Corporation, as servicer (the "Servicer") pursuant to Section 5.02 of the Pooled and Servicing Agreement dated as of August 1, 1990 among Chrysler Auto Receivables Company, as seller, the Servicer and The Fuji Bank and Trust Company, as trustee (the "Pooled and Servicing Agreement").

Total Principal Receivables balance on August 12, 1993 amounted to U.S. \$788,444,664.43. Such aggregate balance is allocated among the various ownership interests as follows:

Investor Amount	U.S.	£
Base Subordinated Seller Amount	\$580,000,000.00	
Base Subordinated Seller Amount	\$51,705,000.00	
Incremental Subordinated Amount	\$891,273.21	
Senior Seller Amount	\$52,000,000.00	
Excess Senior Amount	\$33,848,391.22	

Existing credit enhancement currently totals and is comprised of the following: U.S. \$87,465,000.00

Spread Account Balance	U.S.	£
- Net Increase (Decrease) in Spread	\$3,250,000.00	
Account Balance for the current Annual Period	U.S.	\$-0-
- Percentage of Spread Amount Cap	100.00%	
Base Subordinated Seller Amount	U.S.	\$51,705,000.00
- Net Increase (Decrease) in Base Subordinated Seller Amount	U.S.	\$-0-
for the current Annual Period	U.S.	\$-0-
- Percentage of Initial Base Subordinated Seller Amount	100.00%	
Available Letter of Credit Amount	U.S.	\$32,500,000.00
- Net Increase (Decrease) in Available Letter of Credit Amount	U.S.	\$-0-
for the current Annual Period	U.S.	\$-0-
- Percentage of Stated Letter of Credit Amount	100.00%	

Available Funds exceeded Required Monthly Coverage in 12 out of the 12 months of the current Annual Period.

Amount withdrawn from the Spread Account	U.S.	£
Amount of Available Subordinated Funds drawn	U.S.	\$-0-
Amount of draw under the Letter of Credit	U.S.	\$-0-

As of the date of this Annual Investor Statement no Amortization Event has been deemed to have occurred.

Capitalized terms used but not defined herein have the meanings ascribed thereto in the Pooled and Servicing Agreement.

By: Chrysler Credit Corporation, as Servicer

Prices are officially submitted by the Japanese Ministry of Finance and are based on the Tokyo Stock Exchange closing prices for the month of June 1993.

Company	Price	Dividend	Yield
1000	18.11	1.00	5.52%
1001	18.11	1.00	5.52%
1002	18.11	1.00	5.52%
1003	18.11	1.00	5.52%
1004	18.11	1.00	5.52%
1005	18.11	1.00	5.52%
1006	18.11	1.00	5.52%
1007	18.11	1.00	5.52%
1008	18.11	1.00	5.52%
1009	18.11	1.00	5.52%
1010	18.11	1.00	5.52%
1011	18.11	1.00	5.52%
1012	18.11	1.00	5.52%
1013	18.11	1.00	5.52%
1014	18.11	1.00	5.52%
1015	18.11	1.00	5.52%
1016	18.11	1.00	5.52%
1017	18.11	1.00	5.52%
1018	18.11	1.00	5.52%
1019	18.11	1.00	5.52%
1020	18.11	1.00	5.52%
1021	18.11	1.00	5.52%
1022	18.11	1.00	5.52%
1023	18.11	1.00	5.52%
1024	18.11	1.00	5.52%
1025	18.11	1.00	5.52%
1026	18.11	1.00	5.52%
1027	18.11	1.00	5.52%
1028	18.11	1.00	5.52%
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1037	18.11	1.00	5.52%
1038	18.11	1.00	5.52%
1039	18.11	1.00	5.52%
1040	18.11	1.00	5.52%
1041	18.11	1.00	5.52%
1042	18.11	1.00	5.52%
1043	18.11	1.00	5.52%
1044	18.11	1.00	5.52%
1045	18.11	1.00	5.52%
1046	18.11	1.00	5.52%
1047	18.11	1.00	5.52%
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1078	18.11	1.00	5.52%
1079	18.11	1.00	5.52%
1080	18.11	1.00	5.52%
1081	18.11	1.00	5.52%
1082	18.11	1.00	5.52%
1083	18.11	1.00	5.52%
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1092	18.11	1.00	5.52%
1093	18.11	1.00	5.52%
1094	18.11	1.00	5.52%
1095	18.11	1.00	5.52%
1096	18.11	1.00	5.52%
1097	18.11	1.00	5.52%
1098	18.11	1.00	5.52%
1099	18.11	1.00	5.52%
1100	18.11	1.00	5.52%

ANZ Bank
Australia and New Zealand
Banking Group Limited
(Incorporated with limited liability in the State of Victoria, Australia)

U.S. \$200,000,000

Subordinated Floating Rate Notes due 1998

For the six months 16th September, 1993 to 16th March, 1994 the Notes will carry an interest rate of 3.875% per annum with an amount of interest U.S. \$1,948.16 per U.S. \$100,000 denomination, payable on 16th March, 1994.

Listed on the Luxembourg Stock Exchange.

Bankers Trust Company, London Agent Bank

NOTICE OF REDEMPTION TO THE HOLDERS OF MITSUBISHI CAPITAL INC. US\$9,000,000 Guaranteed Dual Basis Bonds due 2000 (The "B Bonds")

Notice is hereby given that pursuant to Clause 5(b) of the Terms and Conditions of the Notes, Mitsubishi Capital Inc. will proceed to the early redemption of the total of the outstanding Notes at their principal amount on October 22, 1993.

Interest on the Notes will cease to accrue on and after the Redemption Date.

Fiscal Agent
DAIWA SECURITIES
A LUXEMBOURG

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHINPAN & CO., LTD

NOTICE IS HEREBY GIVEN that a cash dividend will be paid to shareholders of record date September 30, 1993. Furthermore, it has been declared that the dividend will be paid in cash to the holders of the EDRs in the Japanese Stock Exchanges with effect from September 27, 1993.

Subject to approval of the dividend, a further notice will be published, after receipt of the dividend by the Depository, stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment.

Coupon No 26 will be used for collection of the dividend.

GTTBANK, N.A., London, September 17, 1993 Depository

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN SHARP CORPORATION

NOTICE IS HEREBY GIVEN that a cash dividend will be paid to shareholders of record date September 30, 1993. Furthermore, it has been declared that the dividend will be paid in cash to the holders of the EDRs in the Japanese Stock Exchanges with effect from September 27, 1993.

Subject to approval of the dividend, a further notice will be published, after receipt of the dividend by the Depository, stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment.

Coupon No 26 will be used for collection of the dividend.

GTTBANK, N.A., London, September 17, 1993 Depository

Compagnie Financiere Ottomane Group

Group Results for the Six Months to 30 June 1993

	6 months to June 1993	6 months to June 1993	6 months to June 1992
	Outside Turkey FF' '000	Turkey FF' '000	Total FF' '000
Interest Income	4,605	319,793	324,398
Interest Expense	-	204,863	204,863
Net interest income	4,605	114,930	119,535
Investment Income	47,775	43,176	90,951
Other operating income	9,724	95,511	105,235
Total operating income	62,104	253,617	315,721
Operating Expenses	14,373	167,582	181,955
Operating profit before tax	47,731	86,035	133,766
Tax	3,015	42,647	45,662
Operating profit after tax	44,716	43,388	88,104
Translation loss on capital	184	(65,248)	(65,064)
Property revaluations	-	49,480	49,480
Profit after tax attributable to shareholders	44,900	27,620	72,520
Capital resources		FF' 1,135,535	FF' 979,612
Earnings per share		FF' 14.50	FF' (0.439)

As previously announced, Compagnie Financiere Ottomane SA (formerly Ottoman Bank) has transferred its domicile from Turkey and has been registered in Luxembourg.

The currency of account of the company has been changed from Sterling to French Francs and the group results for the six months to 30 June 1993 have been prepared on this basis. The results include half the amount by which the group's assets in Turkey are expected to be revalued at the year end, at the rate laid down by the Turkish authorities. The revaluation increase has previously been taken to credit only in the annual results for the year but the directors consider a fairer reflection of the group's progress is shown by this change; the corresponding results for the six months to 30 June 1992 have been adjusted on the same basis.

Compared with the same period last year, the Turkish business produced better results expressed in local currency. Net interest improved owing to higher loan volumes and a wider margin between cost of deposits and loans. Commission income showed a substantial improvement. The rate of inflation remained high during the first six months and is now rising. Monetary difficulties might lead to a more rapid depreciation of the Turkish Lira during the second half of the year than during the first and this could have an adverse impact on the full year's result.

Outside Turkey, despite the continuing fall in interest rates during the period under review, the result was satisfactory owing to improved profits on bond trading.

These interim results have not been audited. As is customary, no interim dividend is payable.

INTERNATIONAL COMPANIES AND FINANCE

Turner seeks deal with French over TV station

By Raymond Snoddy in Atlanta

MR. TED TURNER, chairman of Turner Broadcasting System, said yesterday he was seeking a compromise with France in a row over US programme content of his new satellite television channel.

France has blocked reception of the TNT/cartoon channel, launched in Europe today, on domestic cable networks. The channel, carried on the Astra satellite system, runs cartoons from 8am to 9pm and mainly old films from the MGM library during the rest of the day.

French opposition to the channel is based on EC rules which say that where practicable there should be a minimum of 51 per cent European production in satellite television channels.

The French government would also like to see trade in cultural products raised in the GATT trade talks.

Mr Turner said yesterday: "The French have their own way of doing things and they are entitled to do it."

The founder of Cable News Network, the 24-hours-a-day television news service, added:

"We are trying to be good guys and to sit down and try to see if some kind of compromise can be reached."

Mr Turner has called for a study of European content in the TNT film channel and found that a number of the library films were shot in the UK. Other films have involved European co-producers. Mr Turner said yesterday he estimated that as much as 30 per cent of TNT was either made in Europe or had European co-production links.

The TNT/cartoon channel, which is freely available across Europe to those with satellite television equipment, has already been given a licence by the Independent Television Commission in the UK.

Under EC regulations, if a television channel is licensed in any EC country that usually means it should be freely available throughout the Community.

Mr Turner said that the economics of running a pan-European satellite channel meant that it had to be based largely on library material in the early loss-making years. At a later stage he envisaged a rising proportion of original productions.

Falling bond market brings party-time for lenders

US mortgage borrowers are taking advantage of interest rates at historic lows, writes Richard Waters

THE US financial industry is bracing itself for a record-breaking wave of refinancings by mortgage borrowers, prompted by falling long-term interest rates. The result: a boom for companies that generate new mortgage loans, but bad news for those that service them and for the many investors in mortgage-backed bonds who are seeing their investment returns reduced.

The bull market in bonds that has driven domestic mortgage rates down to historic lows, along with other long-term interest rates, has prompted previous waves of mortgage refinancings in the past two years, but none as big as the one that is now washing over the financial sector. As mortgage rates fall, many borrowers pay off their old fixed-rate loans by taking out new, lower-interest ones. Around four-fifths of the \$3,000bn of home mortgage loans in the US are on fixed rates.

The surge in mortgage prepayments is reflected in the refinancing index constructed by the Mortgage Bankers Association. This leapt to two peaks in 1992 and a third in March of this year, as investors reacted to sharp falls in long-term rates. Its latest jump, as the yield on the 30-Treasury bond has fallen below 6 per cent, is the biggest yet. The index (at 100 in March 1990) climbed above 1500 for the first time at the beginning of this month, reaching 1761 in the latest figure released yesterday. Last year, \$460bn of mortgage loans were refinanced. This year, the

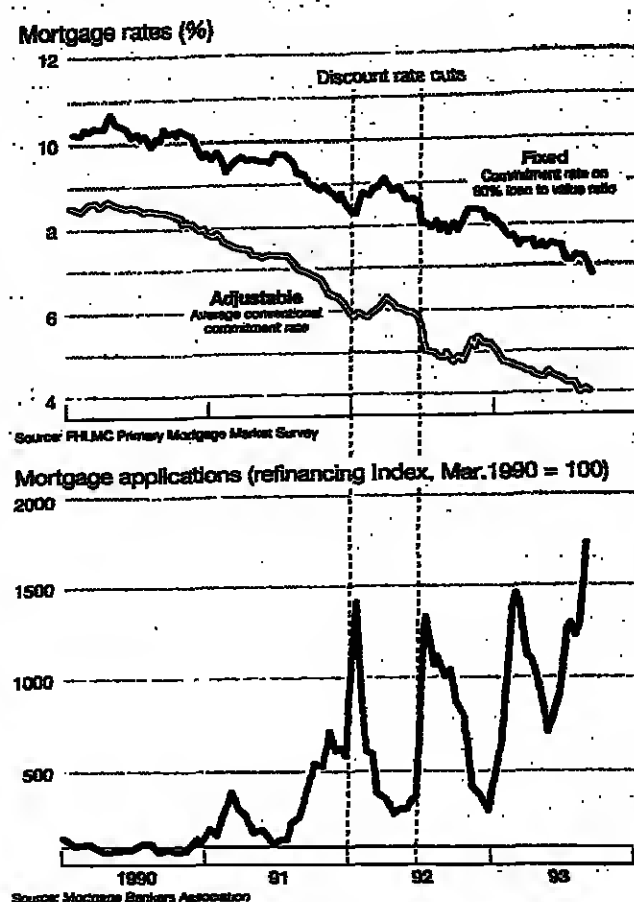
figure is set to top \$500bn. Only homeowners unlucky enough to have been left with properties worth less than their loans (an experience generally confined to California and the north-east) have been unable to join in the party.

New mortgages mean new fees for lenders. Most charge a fee of 1.25 to 1.5 per cent when making a loan, whether it is taken out to repay an old loan or to buy a house. Fee income at Countrywide Credit Industries, the US's biggest home mortgage company, leapt from \$38m to \$92m in 1992.

However, falling mortgage interest rates have also hit the results of some banks. Most recycle their mortgages as mortgage-backed bonds, and retain an involvement only in servicing the loans - for a fee. That gives servicing rights a value, and has led to a market in which some banks have become big buyers of the rights to service portfolios of mortgages. If those mortgages are repaid early, the value of the portfolio falls.

This cost Citibank \$255m last year. "When it hit, it hit hard and unexpectedly," said Mr Pei-Yuan Chia, senior vice-president in charge of Citibank's consumer banking business. "All the mortgage banks are looking at [the implications of refinancings] at the moment," he says.

The cost to the banks this year may turn out to be lower than in 1992. Citibank, for one, says it now hedges against impairments to its mortgage portfolio in the Treasury bond market: if rates fall and refinancings



rise, the costs are balanced by profits on the bond holdings. The refinancing boom has also been bad news for investors who hold the near-\$1,500bn of mortgage-backed bonds in issue. Most new mortgages are not held on bank's balance sheets: they are even-

tually repackaged and sold to investors. Since many of these bonds are recycled through Fannie Mae and carry a federal guarantee, they are relatively free from credit risk. Prepayment risk is something else. As interest rates fall and the loans backing the

bonds are repaid, investors are left to reinvest their capital in bonds at much lower yields. As a result, mortgage-backed bonds under-perform other fixed-income securities during a bond market rally.

That has been especially true in recent weeks as investors have reassessed the prepayment risk. "The market has gone through a pretty enormous revaluation in the last month," says Mr Christopher Flanagan, director of Merrill Lynch. Current-coupon mortgage-backed bonds (those which pay an annual return close to current bond market yields) now yield around 100 basis points (one percentage point) more than comparable US Treasury bonds, up from less than 50 basis points in the middle of August.

The picture is even worse for bonds issued before the latest rally, which pay higher coupons and are the most in danger of being repaid early. "Price spreads have collapsed in the last two or three weeks," Mr Flanagan says. Worst hit of all have been interest-only "strips" - the future income streams on mortgage-backed bonds which are detached and sold separately. As the mortgages are repaid, these future income payments simply vanish.

The readjustment in the bond market is partly due to the faster pace of refinancings, which are running at a far higher level than in 1992 and early 1993, when mortgage rates last fell sharply. Mr Mark Obrinsky, senior economist at

Fannie Mae, says the rate has picked up in part because most lenders are now prepared to roll their refinancing fees into the balance of the new loans. Also, he says, "it's like going to the dentist": the many borrowers who have refinanced once already in recent years have less resistance to doing it again.

The fact that it now takes a smaller fall in interest rates to produce a larger volume of refinancing has blown a hole in the financial models used by traders of strips and other derivative-type instruments. The pricing and hedging strategies based on outdated assumptions about refinancing rates have not held up well in the current boom.

While it is hurting bondholders, the latest refinancing wave could help to lift the average homeowner's disposable income - and, by implication, the sluggish US economy. By locking into lower interest rates on \$500bn or more of their household debt, Americans are freeing themselves to spend more in the shops.

The benefits will not all flow through at once, though. Many homeowners are taking advantage of lower interest rates to shorten the length of their debt. According to Fannie Mae, two out of every five people who refinanced a 30-year mortgage in the first half of this year chose to replace it with a 15-year one instead. As a result, their monthly interest payments may actually have risen, not fallen.

Magna advances but warns of pressure

By Robert Gibbons in Montreal

MAGNA International, Canada's biggest independent car parts maker, reported a 26 per cent gain in fourth-quarter profits but warned that margins are being affected by customer pricing pressures.

Net profit for the three months to July 31 was \$39.6m (\$30m), or 70 cents a share, up from \$31.5m, or 61 cents, a year earlier. Sales were \$349.9m against \$326.5m.

Earnings for fiscal 1993 were \$314.4m, or \$2.55, up 43 per cent from \$219.8m, or \$1.78, in 1992, on sales of \$2.6bn against \$2.25bn.

Univa, Canada's second biggest food distributor had

higher profits for the second quarter and half-year before special items, helped by gains in efficiency and a 1993 acquisition.

But the northern California subsidiary continued to lose.

For the three months ended August 14 net profit was \$31.5m, or 11 cents a share, against \$33.8m, or 13 cents, a year earlier on sales of \$315.9m, against \$321.1m. The volume decline was due to an asset sale. After special items profit equaled 11 cents a share against 21 cents.

First-half profit after special items was \$31.5m, or 13 cents, against \$24.5m, or 26 cents. Sales were \$33.3m against \$33.6m.

Interactive cable-TV music channel planned

By Martin Dickson in New York

TELECOMMUNICATIONS Inc, the largest cable television systems operator in the US, and Germany's Bertelsmann music and entertainment group yesterday announced plans for a new interactive cable channel which will allow viewers to choose the pop videos they want to watch, as well as buying music-related products from home.

The new channel, claimed to be the first of its kind, is an

early example of the kind of service which US media companies hope will lead to a boom in interactive, multi-media entertainment in the home.

The two companies are forming a 50-50 joint venture to develop the channel, which they hope to roll out across the US over the next 12 months.

Bertelsmann is one of the world's leading record companies, with labels which include Arista Records and RCA Records. However, it said yesterday it hoped that the channel would also involve labels

owned by other record companies. The channel will be offered to leading US cable operators in addition to TCI. Bertelsmann said the channel would be supported by advertising and would include home shopping.

Some of the most successful US cable television channels focus on pop music. They include MTV, which mainly broadcasts pop videos and is rapidly spreading around the globe, and Country Music Television, which concentrates on country music videos and is

one of the fastest-growing channels in America. However, the existing channels are not interactive.

Mr Fred Vierra, head of worldwide programming for TCI, said the new network marked "the beginning of music made popular by consumer choice".

The involvement of Bertelsmann, he added, would give an "in-depth knowledge of the world's music markets and the ability to exploit global opportunities in advertising and merchandising".

General Dynamics to make \$372m distribution

By Martin Dickson

GENERAL Dynamics, the US defence contractor which has been shrinking through the sale of large parts of its business, announced plans to distribute \$372m, or \$12 a share, of the disposal proceeds to its shareholders - the third such cash disbursement this year.

General Dynamics said that the total represented substantially all of the cash available

for tax-advantaged distribution from sales of businesses to date. The company paid out \$20 a share in April and \$18 a share in July.

The latest distribution will be made on October 12 to shareholders of record on September 23.

The company also increased its quarterly dividend by 50 per cent to 60 cents a share, reflecting the board's confidence in the stability of its strong cash flows.

ABN-AMRO Holding N.V.

established in Amsterdam, The Netherlands

ANNOUNCEMENT

to all the holders of ABN AMRO Holding N.V. Ordinary Shares of NLG 5 Issue of Convertible Shares by way of Rights

ABN AMRO Holding N.V. hereby announces that it will issue up to 20,000,000 preference shares convertible into ordinary shares (the "convertible shares") at a nominal value of NLG 5 (approximately UK£ 1.82) per share and each at an issue price of NLG 63.00 (approximately UK£ 22.53). The convertible shares will be made available to holders of subscription rights only. Each ordinary share of ABN AMRO Holding N.V. is allotted one subscription right. Each 15 subscription rights confer entitlement to subscribe for one convertible share. Dividend coupon No. 15 will be designated as a subscription right.

Terms of the Issue

- The dividend percentage for the convertible shares has been fixed at 6%. Thus the annual dividend will be NLG 3.78. As per 1 January 2004 and every ten years thereafter the dividend percentage shall be adjusted to the effective yield at that time on Dutch government bond loans with a term of nine to ten years, which yield may be increased or reduced by a surcharge or reduction, respectively, of at most 1%. The annual dividend shall then be calculated as the adjusted dividend percentage over the amount paid in on each convertible share.
- The convertible shares will be convertible into ordinary shares with a nominal value of NLG 5, on the ratio of 1:1 plus a payment of NLG 7.00 for every share to be converted (such ratio to be adjusted in certain circumstances). The period for conversion will start at 1 January 1994 up to and including 31 October 2003, on the terms as will be described in the prospectus dated 16 September 1993.
- The convertible shares will only be listed on the Official Market of the Amsterdam Stock Exchange.
- All applications for convertible shares will be made on the basis of the information, terms and conditions contained in the prospectus dated 16 September 1993 and available as stated below. Restrictions apply for the United States of America, the United Kingdom, Singapore and Japan.
- The subscription rights will be traded at the Amsterdam Stock Exchange from 16 September to 30 September 1993 (13.15 hours Amsterdam time) inclusive and on some of the other European Stock Exchanges where the ordinary shares are listed.
- Date of payment is 1 November 1993.

Procedure for subscription for shareholders in the United Kingdom

Subscription in the United Kingdom is only open to existing holders of ordinary shares of ABN AMRO Holding N.V. The subscription period will start on 16 September 1993 and end on 30 September 1993 and applications must be received at the Office of the United Kingdom Subscription Agent no later than 12.00 noon on that date.

- Copies of the English language translation of the prospectus together with Subscription Forms are available only to existing holders of ordinary shares of ABN AMRO Holding N.V. at the office of the United Kingdom Subscription Agent during normal office hours.

United Kingdom Subscriptions Agent:

National Westminster Bank PLC
Stock Office Services
National Westminster House
Station Way
Crawley
West Sussex RH10 1JE
Telephone (0293) 528721 Ext 241

- Completed Subscription Forms, payment in full (in Dutch Guilders) and Coupon nos. 15 should be submitted:

i) By hand to the above address

ii) By post to:

National Westminster Bank PLC
Stock Office Services
PO Box No. 10
National Westminster House
Station Way
Crawley
West Sussex RH10 1JE

Amsterdam, 17 September 1993

The above is made by way of announcement only. This announcement does not constitute an offer to subscribe or sell any of the securities to which this announcement relates. An offer to subscribe any of the securities to which this announcement refers may only be made on the basis of the Prospectus dated 16 September 1993 in respect of the issue of such securities. This announcement has been approved by ABN AMRO Securities (U.K.) Limited, a member of SFA, for the purposes of its issue in the United Kingdom.

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INTERNATIONAL CAPITAL MARKETS

Gilts upset by short squeeze in futures market

By Corrie Middelmann in London and Patrick Harverson in New York

UK GILTS dropped nearly a point but recovered to end slightly higher, due to a short squeeze in the futures market.

However, traders reported little buying on the low, with international investors

GOVERNMENT BONDS

deterred by sterling weakness and sentiment subdued by the inflation spectre. Gilts are still trading on far too optimistic an outlook on inflation," said Mr Nigel Richardson, head of international bond research at Yamaichi, who sees further downside for gilts.

Expectations of an auction announcement by the Bank of England today also dampened interest in the cash market. Opinion remains split on the likely maturity of the issue, with some traders betting on 2004 but others calling for ultra-long dated debt.

FRENCH government bonds ended the day mixed, with 10-year bonds slightly higher

but 30-year bonds lower.

Traders remain frustrated by the uncertain outlook for French interest-rate easing and were little surprised by the Bank of France's decision to leave its 6.75 per cent repo rate unchanged at yesterday's open-market operation.

The key event today will be the release of gross domestic product data, which are expected to show a 0.3 per cent decline in the second quarter.

DANISH government bonds eased about 1/4 point despite the central bank's latest rate cuts. The Bank of Denmark cut its key deposit rate to 8.75 per cent from 9.25 per cent and its two-week repo rate to 9.5 per cent from 10 per cent. While the Danish krone firmed on the news, 10-year bonds dropped by more than 1/4 point before recouping some of their losses.

According to Mr Richard Gilbooly, international economist with Kidder Peabody, liquidity pressures prevented the rate cuts from feeding into money market rates, which remain above 10 per cent. This means that it is expensive for traders to finance bond positions.

Traders reported a large

FT FIXED INTEREST INDICES

	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
10Y	101.33	101.46	102.34	102.89	102.64	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89
15Y	101.33	101.46	102.34	102.89	102.64	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89

Source: FT Fixed Interest Indices. All figures are in pence per £100 nominal.

GILT EDGED ACTIVITY

	10	15	20	25	30	35	40	45	50	55	60	65	70	75	80	85	90	95	100
10Y	101.33	101.46	102.34	102.89	102.64	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89
15Y	101.33	101.46	102.34	102.89	102.64	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89	102.89

Source: FT Fixed Interest Indices. All figures are in pence per £100 nominal.

10Y: 101.33, 15Y: 101.46, 20Y: 102.34, 25Y: 102.89, 30Y: 102.64, 35Y: 102.89, 40Y: 102.89, 45Y: 102.89, 50Y: 102.89, 55Y: 102.89, 60Y: 102.89, 65Y: 102.89, 70Y: 102.89, 75Y: 102.89, 80Y: 102.89, 85Y: 102.89, 90Y: 102.89, 95Y: 102.89, 100Y: 102.89.

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COMPANY NEWS: UK

Rise for UK as prices hold firm and expansion in Germany

RMC little changed at £61.6m

By Paul Taylor

RMC GROUP, the concrete producer, reported a slight decline in first-half pre-tax profits from £62.1m to £61.6m despite higher operating profits in both the UK, where ready mixed concrete prices firmed, and Germany.

Turnover from continuing operations in the six months to June 30 increased by 11 per cent to £1.56bn (£1.4bn) including £71.7m from acquisitions in Germany. Operating profits were £81.3m (£78.7m) including £5.8m from the acquisitions.

Over the past 2½ years the group has invested between £270m and £280m in its cement operations in eastern Germany. This is reflected in an increase in net interest paid to £22.2m (£16.5m).

The merger of the east and west German operations in April enabled RMC to take advantage of substantial tax reliefs and incentives available in eastern Germany.

Overseas tax fell to £15.1m (£24.2m). The overall charge dropped to £16.3m (£26m), a rate of 26 per cent which was expected to be maintained for at least five years.

Earnings per share, after allowing for higher minorities, increased to 13.4p (12.1p) with about 1p of the gain reflecting currency movements. The interim dividend is maintained at 6.5p per share.

In the UK delivered volumes



Peter Young, left, and Jim Owen, chairman: building activity continued at a high level for expanded operations in Germany

of ready mixed concrete and aggregates fell further with sand and gravel volumes down by 2 or 3 per cent.

However operating profits increased to £14m (£8.8m) on

turnover of £452.1m (£440.9m) reflecting the cost reductions achieved over the last year and improved results from those activities associated with the housing sector.

In addition RMC sold small increases of up to 3 per cent in the price of ready mixed concrete in the first half had held.

Overseas Mr Peter Young, group managing director, said construction activity in Germany continued at a high level because of strong demand for housing in the west and an expansion of building work in the east.

Overall operating profits of the expanded German operations increased to £50.4m (£40.5m) on turnover of £651.6m (£503.7m).

However elsewhere in the EC, with the exception of the Netherlands, there was an overall decline in profitability to £12.4m (£23.6m) on turnover which declined to £205.5m (£234.2m). The decline was most marked in France and Spain where volumes fell by 11 per cent and 19 per cent respectively.

Activities in the south-eastern US states showed a significant improvement but an associated undertaking in northern California continued to experience difficult trading conditions.

Exceptionally competitive markets reduced profits in Austria and the group's Israeli concrete subsidiary was affected by labour problems. But the Israeli roadstone operations, which are an associated undertaking, boosted profits.

See Lex

US helps Wassall rise 56% to £9.7m

By Roland Rudd

WASSALL, the conglomerate run by former Hanson executives, yesterday announced pre-tax profits up by 56 per cent to £9.7m in the first half of 1993, on increased sales of £133.1m (£117m).

The results were helped by a strong performance from DAP, a US supplier of DIY products, and the closures business, manufacturing plastic bottle tops, in both the UK and South Africa.

Mr Christopher Miller, chief executive, said: "In the UK, the ingredients for a sustained economic improvement are already in place although full recovery may have to wait for further fall in continental interest rates."

Net cash at the end of the half year was £28m, down £3m on the previous year and reflecting the increased funding requirements in last six months.

Mr Miller said: "We would increase earnings just by spending our cash, but obviously we want to use it on an acquisition which will enhance the company. We are confident we will catch our fish."

Last year the group was thwarted in its attempt to acquire Evode, the chemicals and plastics company, by Laporte, the specialty chemicals company.

Increasing demand for plastic bottle tops was behind closures' 30 per cent profit increase to £2m. Although volumes from Antler, the suitcase business, were unchanged, prices suffered leading to a fall in profits to £512,000 (£638,000).

Earnings per share rose to 4.2p (3.3p). The interim dividend is increased to 1p (0.7p).

COMMENT:

Yesterday marked the fifth anniversary of Wassall. With hindsight 1988 could not have been a worse time to start a conglomerate: the UK economic boom was on the verge of imploding and industrial holding companies were about to go out of fashion. To increase operating profits by 28 per cent to £9.7m demonstrates a resilience in the face of difficult markets. The group's size gives it an advantage over other conglomerates struggling to pull off a big deal. Its £380m market capitalisation - from £1.9m five years ago - is relatively small. That makes it easier to make another acquisition two years after it bought DAP in the US and three years after it acquired metal closures in the UK. With forecast annual pre-tax profits of £27m, the shares - up 8p to 252p - are on a justified prospective multiple of 22.

Commercial realities nibble into UB's global ambitions

By Guy de Jonquieres, Consumer Industries Editor

TWO-and-a-half years after a cadre of youthful managers took command at United Biscuits with bold plans to build an international biscuits and snacks empire, harsh commercial realities are starting to define the limits of their global ambitions.

Since 1990 a string of acquisitions in continental Europe and Australasia have substantially widened the geographic spread of the previously UK-centred group and lifted overseas sales to more than half its total turnover.

However, while these additions have so far performed well, contributing more than a third of first-half group operating profit, UB faces an even tougher struggle than it bargained for in solving the problems at Keebler, its troubled US subsidiary.

Indeed, Keebler's stuttering recovery from the ravages of last year's "cookie wars" - despite much top management attention - appears to be trying UB's patience and raising questions about the strength of

its long-term commitment to the US market, which provides a third of group sales. At the same time, the position of the group's British biscuits and snacks businesses - on which it has relied to fund much of its foreign expansion - is starting to look less impregnable.

Squeezed by keen price competition and a sharp rise in raw material costs, McVitie's UK operating profits fell nine per cent in the first half, while the KP snacks division achieved only a two per cent increase.

While some of the pain reflects the short-term impact of recession and sterling's devaluation, UB is reconciled to a possibly permanent reduction in its historically high UK margins in order to maintain its dominant market share.

Across the Atlantic, UB is pursuing the reverse strategy. After insisting a year ago that Keebler's immediate priority was to re-build its battered market share, the group now says it aims to slim the US company's business back to a profitable base.

The shift of objective recog-

nises what UB concedes is Keebler's disappointingly slow progress to date. Its sales of branded cookies and crackers fell sharply in the first half, and margins are still far lower than before the cookie wars. Though operating profit rose 22 per cent, most of the increase came from Bake-It, the own-label biscuit maker acquired earlier this year.

But even if Keebler's margins can be re-built, its long-term future looks uncertain.

Sir Robert Clarke, UB's chairman, did not discourage suggestions yesterday that Keebler might be classified along with Ross Young's, the UK frozen food division, as a business which was not central to group strategy and might be sold if the right bid came along.

There is no suggestion yet that bids are being sought for Keebler. However, UB does not disguise the fact that it is now focusing most of its international expansion effort on Asia and continental Europe, where it has yet to acquire a substantial presence in any of the larger countries.

New chief executive for troubled Hartstone

By Peggy Hollinger

HARTSTONE, the troubled hosiery and leather group which is in refinancing talks with its bankers, yesterday announced that it had found a new chief executive to replace Mr Stephen Barker, the founder of the company who left following a series of profits warnings earlier this year.

Mr John Hunter, aged 56, former chairman of SmithKline Beecham Consumer Brands, will take over as chief executive from November. He is also a director of Wace Group, Blue Circle Industries and David Lloyd Leisure.

Mr Hunter, who retired from SKB some nine months ago, said he had accepted Hartstone "because I like a challenge

... and there are opportunities as well as challenges in this business." He was granted options yesterday and said he intended to buy shares in the market.

Mr Shaun Dowling, who has been conducting the refinancing talks and running the group as executive chairman since May, said yesterday the appointment marked a "red letter day for Hartstone".

He and Mr Hunter would be jointly involved in the refinancing talks, which must be completed by January when a standstill agreement expires.

Hartstone is believed to be considering a further appointment to the board, possibly a US director. This could dampen rumours of a sale of the US leather goods division.

Laporte attracted to the US

By Andrew Bolger

LAPORTE, the specialty chemicals group which reported half-year results yesterday, said the US was looking more attractive for much of its businesses, which now account for 35 per cent of group turnover.

The group sells 30 per cent of its output in the UK. However, it said European markets remained subdued and no significant improvement was envisaged for the rest of the year.

COMMENT

The sharp increase in the share price reflected what one analyst described as a "stupendous" performance from Evode. Analysts have upgraded their full-year forecasts to about £10m, which puts the shares on a prospective multiple of 15.5. A group so well placed to benefit from recovery in the UK and US might expect to be on better than a market average rating at this stage in the cycle, but there remains suspicion in the City towards the company. The performance of its other businesses was also subdued, after stripping out acquisitions and currency effects. A period of consolidation has been promised while recent acquisitions are absorbed. Such a pause, combined with solid trading as demand improves, could see the shares rise in the medium term.

Oriell losses at £28,000

ORIEL GROUP, the USM-quoted insurance broker, reported pre-tax losses of £28,000 in the half year to the end of June, against profits of £12m.

The result was in line with expectations set out in the chairman's statement with the 1992 report and accounts. A loss of £12.8m in the second half left annual pre-tax losses at £74,000.

Income for the first half of 1993 was £4.65m, including £364,000 from acquisitions, against £5.65m. Towards the end of the period the company bought Warranty Holdings and

figures for three weeks are included. Losses per share came out at 1.15p (earnings 5.27p) but the interim dividend is maintained at 2p. Mr Nigel Cayer, chairman, said the move reflected the underlying profitability.

Correction

Devro Intl

Devro International had pre-tax profits of £4.44m in the six months to June. The figure was reported incorrectly in yesterday's edition.

RJB set to bid for large part of British Coal

By Michael Smith

RJB Mining, the recently-floated mining group, said yesterday it expected to bid for a large section of British Coal in the forthcoming privatisation, as it declared interim profits up 25 per cent to £5.55m which were at the top end of expectations.

Mr Richard Budge, chairman, said he was delighted by government indications that it planned to break up the corporation into five parts. He expected to be a bidder for at least one of the main sections.

RJB has already submitted tenders to mine under licence five pits which are no longer wanted by British Coal, although one - for Eastington in the north-east of England - has been withdrawn. It plans to bid for up to seven more if British Coal starts to effect closures among 12 pits relieved by the government in March.

The City approved of RJB's performance for the half year to June 30, lifting the shares by 10p to 269p. RJB's profits, which compared with £4.45m last time, were achieved on turnover of £37.74m (£37.3m).

The result enabled RJB to declare an interim dividend of 5p, covered 1.83 times.

Davis Service ahead at £8.47m

By Peter Pearce

PRE-TAX profits at Davis Service Group, the now reorganised and rebranded business services concern, rose from £8.03m to £8.47m in the six months to June 30.

The results for the first half of 1992 were skewed by a £2.45m contribution from Godfrey Davis (Contract Hire), sold in April 1992 for £5.75m, and a net interest charge of £2.53m, which was mostly the

result of the large amount of "back-to-back" borrowings incurred by the contract hire business. Net interest payable this time came to £456,000.

Gearing at the period-end was 23 per cent on borrowings of £25.5m, £18m of which were built up by the £52m acquisition in May of HSS Hire Services Group from John Mowlem.

The 170-strong HSS chain contributed £699,000 to continuing operating profits of

£8.93m (£8.11m) and £10.2m to continuing turnover of £115m (£101.7m). It is expected to grow at the rate of 30 outlets a year. Total group turnover came to £127.7m (£124.7m).

Mr George Boyle, finance director, said as had been foreseen, demand in the group's markets had remained flat, making for increased competition and pressure on margins.

Earnings per share advanced to 6.51p (5.39p) and the interim dividend is held at 2.73p.

New centre helps Bentalls cut interim deficit to £419,000

By Paul Taylor

BENTALLS, the department store operator, reported a reduced interim pre-tax loss yesterday helped by an exceptional gain and the first rental income from the recently completed Bentall Centre in Kingston.

The group, which operates seven department stores in the south-east of England, reported a pre-tax loss of £419,000 (£1.05m) in the six months to July 31. But despite posting losses per share of 0.67p (0.29p), the group is maintaining the

0.6p interim dividend. Turnover grew by 11 per cent to £33.8m (£30.5m) led by the flagship Kingston store, which accounts for 60 per cent of the total, and by sales of household items.

Operating profits of £480,000 (£371,000 loss), were bolstered by the £825,000 minimum guaranteed rental income from the Bentall Centre which opened in November and by £345,000 in receipts from reductions in the Uniform Business Rate on two of the smaller stores and the head office building.

These gains helped offset

interest charges which increased to £599,000, against £755,000 last time, as the group benefited from £1.27m of capitalised interest.

Mr Edward Bentall, chairman, said the results included reduced losses at the group's store at the Thurrock Lakeside shopping centre which was acquired two years ago.

In the second half, the group is also expected to benefit from the increased customer traffic generated by the Bentall Centre, particularly during the important Christmas period.

Whatman lifts profits 8% to £4.6m midway

By Peter Pearce

WHATMAN, the specialist paper, filtration equipment and gas generator manufacturer, lifted pre-tax profits 8 per cent from £4.2m to £4.56m in the first half of 1993.

There was an underlying growth in sales of 6 per cent, but once a £1.2m contribution from acquisitions - principally Biometra, Biomedizinische Analytik acquired in March for up to £4.06m - and exchange rate factors are added in, turnover advanced 30 per cent from £25.9m to £33.7m.

The exchange rate in the half was \$1/\$1.51, against \$1/\$1.51 last time. Mr Hugh Perrott, finance director, said that currency movements had little impact on profits, as the forward contracts covering the foreign exchange exposure

were taken out before sterling's devaluation.

In sales terms, the UK, where they slipped after a strong performance in the corresponding period, accounted for less than 15 per cent; North America spoke for some 60 per cent; continental Europe 15 per cent; and Japan 5 per cent.

Expenditure on new product development showed a 15 per cent increase over last time, and now accounts for 5 per cent of sales.

Net borrowings grew by almost £4m to £5.5m over the half, though acquisitions accounted for £2.5m of that. There was also a seasonal rise of £1m in inventories.

The interim dividend is raised 6.5 per cent to 3.3p (3.1p), payable on earnings up at 12.9p (12.28p) per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Assoc Brit Ports	3.5	Nov 3	3.25	-	8.5
APV	2	Nov 26	2	-	5.4
Bentalls	0.6	Nov 5	0.6	-	1.9
Britton	0.05	Nov 12	-	-	-
British Fittings	0.75	Nov 26	0.5	-	1.5
British Mohair	1.4	Oct 22	1.4	-	8.5
Davis Service	2.73	Oct 29	2.73	-	7.98
Dowling & Mills	1.58	Oct 28	1.58	-	2.5
Edmond	0.15	Dec 6	0.35	-	0.5
Falkes	0.575	Dec 2	0.575	-	1.5
Int'l Food Mach	1.4	Nov 24	-	-	-
Kwik-Fit	1.5	Nov 1	1.35	-	3.35
Laporte	7.4	Nov 11	7	-	18.5
Legal & General	6.5	Dec 1	6.2	-	16.1
Logica	2.75	Nov 5	2.5	-	5.25
Oriel S	21	Jan 10	2	-	5
Pantheon	0.5	Nov 26	2.5	-	2.5
Photo-Me	3.2	Jan 4	3.1	-	4.4
RJB Mining	6	Oct 12	-	-	20
Waco Group	1.8	Nov 16	1.8	-	5.4
Shelfield Insul	3.7	Nov 29	3.5	-	5.15
Sirard	2.1	Jan 14	1.9	-	8.5
SpanDEX S	5.5	Jan 4	5.5	-	15.3
United Biscuits	1	Nov 5	0.76	-	2.5
Wassall	1	Nov 5	0.76	-	2.5

Dividends shown pence per share net except where otherwise stated. Ym increased capital. \$USM stock.

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THE LEEDS

NOTICE OF EARLY REDEMPTION

Notice to the Holders of
£200,000,000 Floating Rate Notes Due 1994
(the "Notes", which comprise two series of £100,000,000 each, which were issued on 13th October, 1987 and 29th February, 1988 respectively, and of which £56.5 million are currently outstanding)

of
LEEDS PERMANENT BUILDING SOCIETY (the "Society")

NOTICE IS HEREBY GIVEN THAT, in accordance with Condition 5(c) of the Notes, the Society will redeem all of the outstanding Notes at their principal amount on the next Interest Payment Date, 21st October, 1993. Payments of principal in respect of the Notes will be made on or after 21st October, 1993 at the specified office of any of the Paying Agents listed below against presentation and surrender of the Notes, by sterling cheque drawn on a Town Clearing Branch of, or by transfer to a sterling account maintained by the payee with, a bank in the City of London, subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 of the Notes. Coupons due on 21st October, 1993 should be presented and surrendered for payment in the usual manner.

Each Note presented for redemption should be presented together with all unexpired Coupons appertaining thereto. Unexpired Coupons due after 21st October, 1993 (whether or not attached) shall become void and no payment shall be made in respect thereof.

Notes and Coupons will become void unless presented for payment within a period of 10 years in the case of Notes and 5 years in the case of Coupons from the relevant date (as defined in Condition 7 of the Notes) relating thereto.

The specified offices of the Paying Agents are:

Principal Paying Agent:
Baring Brothers & Co., Limited
(Broadgate Branch)
155 Bishopsgate
London EC2M 3XY

Other Paying Agents:
Morgan Guaranty Trust Company of New York
35 Avenue des Arts
B-1040 Brussels

Kredietbank S.A. Luxembourggoise
43 Boulevard Royal
L-2955 Luxembourg

Swiss Bank Corporation
Aeschenvorstadt 1
CH-4002 Bale

Issued on behalf of Leeds Permanent Building Society. 17th September, 1993

Strong recovery on general insurance side bolsters midterm profits

Legal & General rises to £75m

By Richard Lapper

A STRONG recovery in the performance of its general insurance business helped Legal & General, the composite insurer, to increase pre-tax profits from £72.5m to £75m for the first six months of 1993.

The underlying increase was stronger since last year's profits were bolstered by £1.5m from the sale of the UK investment management businesses to the L&G Society Life Fund.

Earnings per share rose to 6.5p (6.2p) and the interim dividend is being lifted from 6.2p to 6.5p, an increase of 4.8 per cent.

Mr David Prosser, group chief executive, said the results "demonstrated the strong management actions taken to improve performance."

Profits from worldwide life and pensions business increased from £78.4m to £77.7m in the UK, total life and pensions profits grew by 8 per cent to £59.7m reflecting underlying growth in the portfolio and an increase in the number of maturing policies.

Total premium income for the half year rose from £882.1m to £950m, with new business up by 27 per cent to £122.7m. Annual premiums of £74.1m compared with £73m and new single premiums doubled from £235.1m to £466.1m.

Overall growth in new premiums reflected the gradual emergence of the economy from recession, said Mr Prosser. L&G had also benefited from tighter control of distribution channels.

A small profit of £200,000 was recorded on general insurance

business. The most important factor here was an improvement in the mortgage indemnity account following the establishment of significant reserves in recent years. The account broke even in the first half compared with a loss of £26.4m last year.

Profits from property insurance amounted to £3.8m, mainly as a result of rate increases and a fall in weather-related claims.

Total worldwide funds under management reached £28bn at the end of June, a rise of £3.3bn since the beginning of 1992.

● COMMENT

Legal & General appears to have put some of its recent troubles behind it with the effects of management changes bearing fruit. Yesterday's profit figures have followed

news of a pick-up in new business growth. The 4.8 per cent interim dividend increase indicates a full year dividend of about 50p, leaving a prospective yield of more than 5 per cent, well above the sector average. Strong asset backing will also provide underpinning, while reduced exposure on the domestic indemnity front should lead to less volatility in the share's performance. However, L&G has significantly outperformed the market since last autumn, indicating that investors have discounted some of the recovery already. The picture is also clouded because of concern about the future of the endowment market - in which L&G is a big player - after the government's decision this year to impose new disclosure rules on commissions. All this will limit the stock's potential.

Photo-Me rises 7% but shares tumble 50p

By David Blackwell

SHARES OF Photo-Me International, the world's largest photo-booth manufacturer and operator, fell sharply yesterday as the group reported pre-tax profits for the year just 7 per cent ahead at £17.59m, against £16.41m.

While sterling's devaluation contributed £2m to pre-tax profits, the gains were absorbed by high depreciation costs, which reached £14.3m (£11m). The shares closed down 50p at 343p.

Operating profits before depreciation rose to £21.78m (£27.42m), while turnover grew to £134m (£114.8m).

Mr David Miller, managing director, said that the rise in depreciation costs reflected the cost of installing instant printing machines for letterheads and labels, as well as upgrading 600 photo-booths with equipment that provided prints in three minutes instead of five.

The group had also written down to zero assets on an older business in Europe, taking a one-off charge of £1m, and incurred start-up losses in Eastern and Central Europe.

Mr Miller said the company was disappointed by the lack of growth in its key markets, but it had "taken our bad news on the chin."

The group would continue to concentrate on its core photographic and imaging businesses, including "Fun" studios, which allow customers to be photographed in front of famous backdrops or with celebrities. It had signed agreements to sell "significant quantities" of equipment to new territories.

The group continues to expect potential growth from its data identification systems division, which provides photos for identity cards. It blamed "governmental financing" for slow growth in the past two years.

Earnings per share eased to 17.59p (17.5p). A final dividend of 3.2p is proposed, giving a total for the year of 4.6p (4.4p).

Increased core demand helps Kwik-Fit to £11.5m

By Catherine Milton

HIGHER demand for tyres and exhausts and a third year of stringent cost control helped Kwik-Fit Holdings report a rise in pre-tax profits to £11.5m for the six months to August 31 against £9.74m.

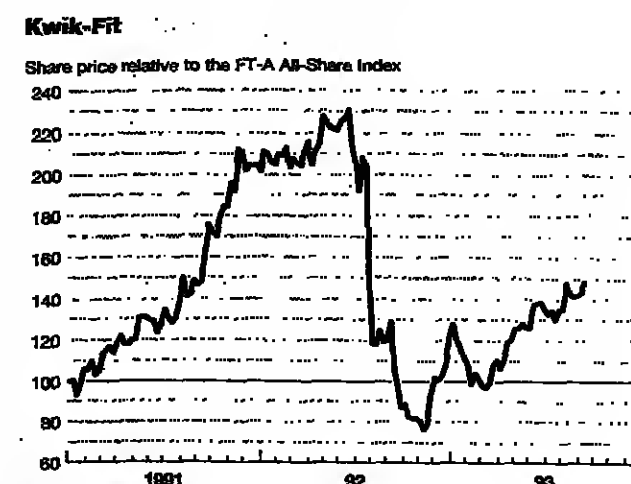
The company had gained a small amount of market share in the period, Mr Tom Farmer, chairman, said. "As long as there's cars on the road and as long as the consumer has money to spend on the repairs to those cars then we will get a substantial share of that market."

Kwik-Fit began its push into the brake replacement market in July.

"Early indications have shown that this could become an important growth area for Kwik-Fit and by October of this year we will be in a position to offer and market this service through 90 per cent of our centres," Mr Farmer said.

The move is expected to cost about £2.5m in training and advertising expenses this year. Kwik-Fit believes the brake replacement market is worth more than £500m, twice the value of the current exhaust replacement market.

Group turnover increased 11 per cent to £132.1m (£118.2m) on the back of increased demand for tyres and exhausts. Operating profits rose 35 per cent to £12.3m (£9.08m) but the



gain at the pre-tax level was limited by a fall in profits from asset sales to £207,000 from £1.73m.

Capital expenditure fell from £9m to £3.3m. Net interest and other financial charges fell slightly to £1.06m, compared with £1.07m.

The board declared an increased interim dividend of 1.5p (1.25p) out of earnings per share higher at 4.7p, against 3.25p.

● COMMENT

Kwik-Fit has done well to gain market share and lift profits in its static markets and in the face of growing competition from car dealers. There are, however, challenges to continuing growth for this operationally geared company. Consumers still prefer lower margin economy tyres and it will be hard to achieve more than modest growth in its share of the stable exhaust pipe market it dominates. But the company and the City have high hopes of its well-timed and inexpensive move into brakes. Meanwhile, the Netherlands' operations look back on track, making useful contributions to profits. With pre-tax forecasts about £21m to £23m, a multiple of about 20 looks expensive.

APV declines sharply midway to £4.9m

By Andrew Bolger

APV, which supplies processing equipment to the food and drink industries, blamed continuing pressure from competitors on margins for a sharp drop in its profitability.

The group, which is restructuring after expanding rapidly by acquisition in the 1980s, said it would accelerate its programme of cutting costs, disposing of non-core businesses and increasing market penetration in key areas.

Pre-tax profits fell from £12m to £4.9m in the six months to

June 30 on sales which were down from £437m to £417m. Turnover of continuing operations increased by £4.3m to £416m, although changes in exchange rates inflated the overall sales figure by more than £50m.

Profit from continuing operations, excluding divestments, was £9.7m, compared with £12.5m in 1992. Currency effects added £1.5m to the profit figure.

The group said its order book at the end of June was 4 per cent lower than at the same stage last year, but the value of orders received in July

and August was much higher. Mr Clive Strowger, chief executive, has closed five production plants and sold six businesses since he was appointed in June last year. The group's workforce fell by 400 to just under 11,000 in the six months to June. Two years ago it stood at 14,000.

Sir Peter Cazelet, chairman, said customers in the UK and US would only invest in capital equipment when they were confident that there was a sustained economic recovery.

He added: "The group's businesses in the Asia Pacific region continue to enjoy

favourable economic and market conditions. However, it may be some time before there is an improvement in the economic climate in continental Europe, which is the source of nearly 40 per cent of the group's orders and sales."

The group said reduced trading profits and significant restructuring costs would depress UK taxable profits this year, resulting in a substantial Advance Corporation Tax write-off, giving an effective tax rate of 51 per cent. Earnings per share fell from 2.8p to 0.7p, but the interim dividend was held at 2p.

Folkes falls to £200,000

THE effects of the recession continued in the first half of Folkes Group, with ongoing pressures on margins and volumes pushing pre-tax profits from £250,000 to £200,000.

Mr Constantine J Folkes, the chairman and chief executive, pointed out that profits in the property division were marginally higher, but both the engineering and building products

sectors showed a downturn compared with last time.

The interim dividend, however, is maintained at 0.575p. Earnings per share declined from 1.25p to 0.28p.

Turnover for the six months to June 30 was virtually unchanged at £20.1m (£20.4m) giving a trading profit of £312,000 against £723,000. Interest took £112,000 (£73,000).

Britton turns in £0.52m

BRITTON Group, the expanding packaging group formed last October, yesterday announced pre-tax profits of £520,000 for the first half of 1993 from a turnover of £6.39m.

Mr Harry Westropp, chairman, said the results were as expected. The second half had started satisfactorily with the group benefiting from improved working capital con-

trol resulting in lower than expected interest charges.

Since the period end Britton has acquired TACO, a polythene extruder, funded by a £31.4m placing and rights issue, making the group the second largest polythene extruder in the UK.

Earnings per share for the period were 0.52p. An interim of 0.06p has been declared.

British Fittings back in black

THE STEPS taken last year to restructure management and control costs have put British Fittings Group back in the black in the six months to June 30.

Despite continuing adverse trading conditions, the group turned in pre-tax profits of £572,000, against £102m losses last time. The results have been prepared according to FR 3 and comparative restated.

Turnover in continuing businesses fell 6 per cent to £34.8m (£36.96m), but operating profits on these businesses rose by 33

per cent to £1.43m (£1.09m). The group's activities cover pipeline equipment distribution, high pressure water products and non-ferrous metals distribution.

Interest charge for the half year was lower at £762,000 (£1.28m) and after tax of £70,000 (nil), earnings per share were 1.71p (5.11p losses). The interim dividend has been raised by 50 per cent to 0.75p (0.5p).

Mr Michael Borlenghi, chairman, said working capital had remained under strict control and net borrowings had fallen by a further £977,000 to £18.29m, making a reduction of over £5m since June 1992.

Anglovaal Limited

Reg. No. 050458006
(Incorporated in the Republic of South Africa)

Results and dividend announcement for the year ended 30 June 1993

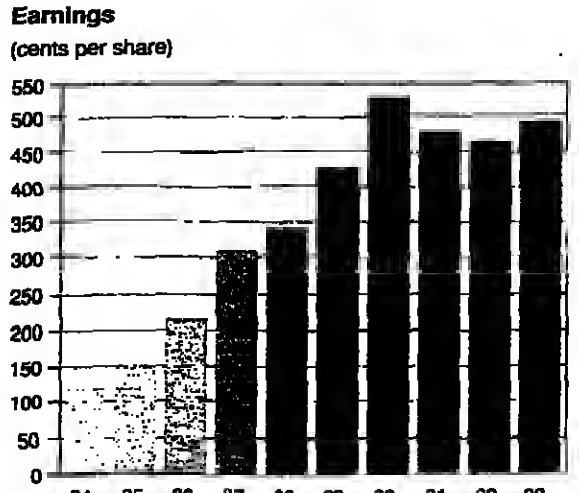
Financial results

The consolidated audited results are as follows:

Group income statement			
	1993 Rm	1992 Rm	Increase/ Decrease %
Turnover	8 509.5	8 205.8	4
Operating profit	719.5	747.8	(4)
Income from investments	56.9	49.4	15
Profit before taxation	776.4	797.2	(3)
Taxation	261.3	331.5	(21)
Profit after taxation	515.1	465.7	11
Equity accounted earnings	96.6	76.0	27
Profit after taxation including equity accounted earnings	611.7	541.7	13
Attributable to outside shareholders of subsidiaries	318.6	264.0	21
Earnings attributable to equity shareholders	293.1	277.7	6
Earnings per share (cents)	486	484	5
Dividend per share (cents)	105	100	5
Number of shares on which earnings per share is based (000)	60 292	59 817	

Group balance sheet			
	1993 Rm	1992 Rm	
Capital employed			
Shareholders' interest	2 558.2	2 328.9	
Outside shareholders' interest	2 266.1	2 154.9	
Total shareholders' interest	4 824.3	4 483.8	
Debt capital	200.6	200.6	
Deferred taxation	110.3	132.1	
Long-term borrowings	234.7	171.9	
	5 369.9	4 988.4	
Employment of capital			
Fixed assets	1 652.6	1 412.1	
Investments	1 533.2	1 504.3	
Loans and long-term debtors	47.4	49.1	
Net current assets	2 136.7	2 022.9	
Current assets	4 197.1	4 053.8	
Less: stock and debtors	2 690.2	2 628.1	
Less: deposits and cash	1 506.9	1 425.5	
Current liabilities	2 060.4	2 030.7	
Less: interest bearing	160.2	254.9	
Less: other	1 900.2	1 775.6	
	5 369.9	4 988.4	
Net worth per share (rand)	105	104	
Market value of listed investments, associates and subsidiaries not consolidated (Rm)	1 837.0	1 742.3	
Carrying value of listed investments, associates and subsidiaries not consolidated (Rm)	903.1	859.4	

Source of earnings			
	1993 Rm	%	1992 Rm
Industrial			
Anglovaal Industries Limited	203.1	69	161.4
Mining			
Anglovaal Company - direct investments	37.9	13	47.0
Middle Witwatersrand (Western Areas) Limited	34.2	12	29.6
Finance			
Net interest, financial services and other	17.9	6	39.7
	293.1	100	277.7



Comment

Earnings per share increased by 5 per cent over that of the previous year and the total dividend declared was increased similarly to 105 cents per share. Trading conditions, however, during the year continued to deteriorate and the decline in operating profit is indicative of the continuing pressure on margins being experienced by most operations carried out by companies within the Group.

Anglovaal Industries Limited's (AVI) contribution to Group earnings was 26 per cent higher compared to the previous year. The main reasons for this were a full year's benefit from additional investments by the Group in AVI made during the previous financial year. Increased contributions from certain group companies, a full year's equity accounted earnings from Anglovaal Limited and a significantly reduced effective tax rate.

Earnings generated from the Group's principal mining interests was 20 per cent lower despite marginally higher dividends received from gold mining investments and a dividend of R4.1 million from Priesska Copper Mines Limited (Priesska), which ceased operations in January 1991. The contribution from The Associated Manganese Mines of South Africa Limited, a major contributor to the Group's mining income, declined by 35 per cent for its accounting period of 18 months compared to the previous 12-month financial year.

Middle Witwatersrand (Western Areas) Limited's contribution rose by 16 per cent following marginally higher gold mining dividend income, a R3.8 million dividend from Priesska and a surplus of R9.0 million realised on the adjustment during the year of its gold share portfolio. The royalty received by subsidiary Sabum Mining, Prospecting and Development Company (Pty) Limited from the Venetia diamond mine increased from R7.0 million to R9.0 million. Since the end of the financial year, a further semi-annual royalty payment amounting to R29.9 million has been received.

Financial earnings were substantially lower as a result of reduced central cash holdings and the softening of interest rates. Developments at Crusader Life Assurance Corporation Limited late in the financial year had an adverse effect on earnings from this sector. Provision has been made for potential losses arising from assurance investments.

Prospects for the current year

The recent higher rand gold price has, for the first time in five years, provided mines with a greater degree of flexibility in planning the optimum exploitation of one reserve at reduced pay limits. AVI has planned for continued growth in earnings in the current year. Although there are indications that the worst of the economic recession is over, there are perhaps not sufficient to outweigh the challenges presented by the negative factors - the uncertain political climate, violence, the deterioration in the balance of payments and the slow economic recovery of South Africa's major trading partners. The Group has accepted these as challenges and has planned for a small increase in earnings for the year ending 30 June 1994.

Final dividend declaration

Notice is hereby given that final ordinary dividend No. 95 of 72 cents (1992: 67 cents) per share, making a total for the year of 105 cents (100 cents) per share and final N ordinary dividend No. 7 of 72 cents (67 cents) per share, making a total for the year of 105 cents (100 cents) per share, have today been declared payable to holders of ordinary and N ordinary shares, salient dates related to the declaration being as follows:

1993

Last day to register for dividends and for change of address or dividend instructions Friday, 1 October

Period during which transfer books and registers of members will be closed (both days inclusive) to determine which members qualify for the dividends Saturday, 2 to Friday, 8 October

Currency conversion date for Sterling payments to shareholders paid from London Monday, 11 October

Dividend warrants posted (on or about) Friday, 29 October

The dividends are paid subject to conditions which can be inspected at the registered office or the office of the London secretaries of the Company

Annual report circularised (on or about) Thursday, 14 October

Annual general meeting to be held at 09:00 at the registered office of the Company Friday, 5 November

Period during which transfer books and registers of members will be closed (both days inclusive) to determine which members may attend the annual general meeting Saturday, 30 October to Friday, 5 November

For and on behalf of the board
B E Herscov Chairman
Oliva S Menell Deputy Chairman
15 September 1993

Registered office
Anglovaal House
56 Main Street
2001 Johannesburg

London secretaries
Anglovaal Trustees Limited
33 Davies Street
London, W1Y 1FN

Directors: B E Herscov DMS, Hon. LL.O (Chairman), Oliva S Menell (Deputy Chairman), B L Bernstein Hon. LL.O, Dr O D Dlamini, E H Fox, J J Goldenhuys, E G D Gordon, Dr E J Mabuza, J C Robberts, R T Swemmer, R A O Wilson
Alternate directors: J R Herscov, R P Menell



COMPANY NEWS: UK

Property side now well placed to produce a positive contribution

AB Ports advances strongly to £29m

By David Blackwell

SHARES OF Associated British Ports Holdings rose 18p to 452p yesterday on news of a near-doubling of profits from £15.1m to £29.4m pre-tax for the half year ended June 30.

However, the comparable figure reflected a £10m property development provision.

Sir Keith Stuart, chairman, said that following the £83.6m total provision made in 1992, the property business was well-placed to produce a positive contribution.

Operating profits from property development were £1m following a loss of £1.6m last time, while profits from property investment rose to £5.4m from £4.5m. Port related property profits contributed £10.2m (£9.8m).

Operating profits from the ports and transport sector were £28.4m after taking a £4m charge for severance payments, mainly at Southampton Container Terminals, where manpower has been cut from 461 to 349. This was down on last year, when the sector had profits of £33.5m after £2m of severance costs.

Sir Keith said the company now employed 1,800 people at its 22 ports, a reduction of about two-thirds in 10 years. There would be further sever-

ance costs, he predicted, but nothing like on the same scale.

The amount of cargo in tonnes passing through the ports had remained constant, said Sir Keith, but an improvement that emerged towards the end of the half year had been maintained in July and August.

Steel, timber and containers were higher, but coal imports were much lower.

Sir Keith added that the car trade had been strong in both directions. Production from the Toyota Darby factory was being exported through Grimsby.

Group turnover was slightly ahead at £108.9m (£106.1m).

Net interest payments were down to £17.8m from £20.8m. The group had a tax charge of £7.2m or 24.5 per cent, reflecting capital and other allowances. Previously tax was £4.6m, or 30.5 per cent.

Net borrowings were £359m (£349m) giving unchanged gearing at 60 per cent.

Earnings per share improved to 11.9p (5.7p), although before the property development provision last year's earnings were 9.6p. The interim dividend is being raised from 3.25p to 3.5p.

COMMENT

Clearing the decks with a large



Sir Keith Stuart: there will be further severance costs, but nothing like on the same scale

property provision might have pushed ABP into the red last year, but it has enabled a clearer picture to emerge this year. The group is sensibly planning to concentrate its property investment business on land near its ports. It also reports good progress with let-

tings in the property development side, which has moved out of the red at the operating level. At the same time income from the ports is holding up well.

The problems with Southampton Container Terminals are over, and from now on

any severance costs should be insignificant. Full-year pre-tax earnings of around £80m will give a p/e of about 19 - justifiable if the ports business continues untouched by European recession and the property business continues to improve.

John Lewis interim profit falls to £16.4m

By Neil Buckley

INTERIM profits at John Lewis Partnership, the employee-owned department store and supermarket group, fell for the fifth successive year, in spite of a better than expected performance from the Waitrose chain.

Pre-tax profits for the six months to July 31 were £16.4m, down from £18.2m. Last year's figure was restated downwards from £20.2m, after John Lewis was advised by its actuaries in the second half that it should increase its pension contributions.

That increased first-half pension costs from £5.7m for the first half of 1992 to £7.7m this time.

A further increase in pension costs this year to £8.7m accounted for much of the fall in trading profit, after pension costs, to £28.5m from £30.3m.

First-half taxable profits at the group have collapsed from more than £50.8m in 1988, although the rate of decline slowed this year. The group, which has 22 department stores and 106 Waitrose supermarkets, has been hit hard by recession, and by increasing competition, especially in the grocery market.

Waitrose has been hampered by its refusal to trade on Sundays and its slowness in introducing new technology, and has been able to expand less rapidly than its competitors because of its inability to raise capital on the stock market.

Mr Stuart Hampson, chairman, said that any fall in the bottom line was unwelcome. However, the decline of only £0.2m in trading profits before pension costs showed how successful the group had been in containing costs and boosting sales.

Group turnover increased from £1.08bn to £1.13bn. Sales increased 6 per cent to £532.5m in the department stores. Sales at Waitrose increased 1 per cent to £577.3m, in contrast to the fall that had been forecast, but profits were hit by one-off costs associated with improving the distribution network and introducing scanning in the stores.

Sales in the wholesaling and manufacturing division fell 11 per cent to £17.6m.

Mr Hampson warned that the second half would be "challenging", but trading in the last six weeks had exceeded estimates.

North American and Far East losses peg Logica

By Alan Cane

LOSSES IN North America and the Far East contributed to a lacklustre full year performance by Logica, the computing services group.

Profits before tax for the year to June 30 were £9.03m, a 28 per cent increase on the previous £7.1m, but slightly below market expectations. The shares fell 1p to 254p.

Revenues rose 9 per cent to £217.4m (£200.4m). The tax rate was up slightly to 41.65 per cent as a result of unrelieved losses in the US, leaving earnings per share 24 per cent ahead at 8.7p (7p). A final dividend of 2.75p will be paid giving a total for the year of 4p, an increase of 10 per cent.

Cash was strong at £17m (£13.7m), the result of continuing tight management controls. The company performed well in the UK where operating profits grew by 31 per cent to £9.2m and gross margins improved to 7.1 per cent (5.8 per cent). Continental Europe, where the company lost £1.7m last year, improved to profits of £2.6m.

The company lost £2.8m in North America through set backs in the telecommunica-

tions sector and a sharp decline in Logica's business with the large computer vendors. The result was a "major disappointment" said Mr Martin Read, the newly appointed chief executive. "We cannot go on as we have in the past three or four years. North America has got to be sorted out".

In the Far East, the company lost £300,000 chiefly as a result of overspending on a large fixed price project for the Hong Kong Stock Exchange.

COMMENT

Logica's results are not bad, but they are not good enough. The difficulties in the US and Asia cannot disguise the fact that a company with its strength in technology and its formidable customer list should be at least twice as profitable. Mr Read, formerly a high flyer with GEC Marconi, has been brought in to bring new aggression and focus to Logica's market presence. He intends to find ways of making more productive use of the company's skills and experience, but it will take time to change the culture and boost profitability. On a historic p/e of about 29, the shares seem fairly valued.

Recession blamed for Dowding fall

By Catherine Milton

DOWDING AND MILLS, the electrical and mechanical repair company, said a third year of recession had cut its full year pre-tax profits from £5.5m to £5.0m.

The board proposes a maintained final dividend of 1.85p giving a total for the year held at 2.5p uncovered by earnings per share of 2.04p (2.65p).

"Although not covered by attributable profits, the total cost of the dividend at £3.65m is more than covered by normal trading profits before deduction of exceptional costs," Mr Peter Hollings, chairman, said.

Turnover for the year ended June 30 rose to £83.3m (£74.7m) almost entirely on the first full year contribution of a US acquisition made at the end of the previous period.

Pre-tax profits were determined by redundancy costs of £223,000 (£165,000) and a

£623,000 one-off write-down of a near 9 per cent stake in Torday & Carlisle, the Newcastle-based engineer, for which Dowding and Mills made an abortive bid, and which has since declined in value. Last year's £633,000 charge was for costs incurred in bidding for Torday.

Operating profits of £6.4m (£7.31m) included £597,000 from the US acquisition.

"Although some sectors of the United Kingdom economy have recently improved, we have not yet seen any positive upturn in the markets where we operate," Mr Hollings said. Mainland Europe, had had a difficult time, he said, while Australia had been mixed, with reasonable volumes in the company's Queensland branches, but a shortage of work in New South Wales.

Tight control of capital expenditure - down to £2.9m (£5.9m) - and of cash, had helped reduce gearing to 18.8 per cent (22.8 per cent).

SHT cuts debts to £25m

By Nigel Clark

THE continuing efforts of Scottish Heritable Trust, the York-based conglomerate, to cut debt resulted in borrowings falling from £33.8m to £25m over the six months to June 30.

The prime objective remains debt reduction and since the period end, the sale of Fox Ridge Homes Inc has been agreed for £4.7m (£5.8m).

For the six months to the end of June, pre-tax losses increased from £2.9m to £5.33m after costs concerning the sale of businesses of £4.75m (£584,000 profits). Taking out the exceptional costs, left losses of £1.5m which the company said was a significant improvement.

The company blamed the losses on the high interest burden. The charge for the period was down from £1.91m to £1.13m.

Turnover was £2.43m (£2.44m) for continuing activities with a further £11.8m (£20.4m) from discontinued. Losses per share were 17.7p (8.1p).

For the future the company, where Mr Roger Shute, formerly of BM Group, is temporary chief executive, said that its offshoots were still finding trading difficult.

"Unless there is a remarkable turnaround in the property market in the next few months, group trading results for the remainder of the year are unlikely to show any material signs of improvement."

Associate helps Sirdar rise to £5.73m

HELPED BY a reduction in interest costs and a larger contribution from its associate, Sirdar was able to achieve a rise in profits from £5.05m to £5.73m pre-tax for the year to end-June.

The shares responded with a 13p rise to 129p.

Results were a little better than the directors had hoped for. They said the figures were bolstered by an "exceptionally

good" second half year at Eversure, the ready-made curtain outfit.

Turnover slipped to £51.97m (£52.03m). The hand knitting activities ran up an operating loss of £93,000 (profit £720,000) while other textile products achieved a rise in profits of over £1m at £5.08m.

The associate, Acropolis Hotels, chipped in £284,000 (£166,000) to profits while

group interest charges were reduced from £910,000 to £547,000.

Acropolis hopes to open a new hotel in 1995.

The final dividend is being lifted to 3.7p (3.5p), raising the total from 5.15p to 5.35p. Earnings worked through 18 per cent ahead at 6.89p.

At the year end group gearing was down from 23 per cent to 9 per cent.

NEWS DIGEST

Intl Food Machinery at £878,000

SHARES IN International Food Machinery, which came to the market last December, jumped 9p to 80p yesterday after the company reported a surge in pre-tax profits to £878,000 for the first half of 1993. This compared with £292,000 last time which was after £128,000 losses from discontinued activities.

Turnover of this food processing and refrigeration equipment concern grew to £4.84m (£3.92m) and earnings per share reached 5.99p (1.68p). An interim dividend of 1.4p has been declared.

The company said that following its attendance at an exhibition in Iran, a substantial number of orders were taken for which deposits had been received. However, because of the time taken to complete these transactions, profits on these would arise in the second half.

Turnover in Australia had increased considerably and orders achieved and anticipated from a major trade show in that country were likely to have a very positive effect in the current year.

British Mohair down to £907,000

British Mohair Holdings reported pre-tax profits down from £1.02m to £907,000 in the first half of 1993 and said it expected the full year figure to be similar to the previous £2.1m.

Mr Charles Fenton, chairman, said activity in the group's textile companies remained subdued in the period, with a lower contribution from the hand-knitting sector. Non-textile operations showed a marginal improvement.

At present, demand for textile products showed no appreciable change, while the specialised engineering activities were expected to continue to trade satisfactorily.

First-half turnover edged ahead from £19.5m to £19.78m, while earnings per share slipped to 4.48p (5.23p). The

interim dividend has been maintained at 1.4p.

Currency gains help Pict advance 63%

Pict Petroleum, the oil and gas exploration and production group, saw net profit for the year to June 30 rise 63 per cent to £4.82m on turnover of £9.58m, compared with 1992 figures of profit of £2.96m on turnover of £10.8m.

The results were helped by currency gains of £1.57m (losses £482,000) because of the stronger dollar and higher net interest received of £297,000 (£337,000).

The fall in turnover was mainly attributable to the disposal of the interest in the Claymore field. The average price rose to £11.1 per barrel (£10.54).

Earnings per share were 9.34p, against 6.85p.

Expansion of net assets at Pantheon

For the year ended June 30 1993 net asset value per share of Pantheon International Participations expanded to 195.5p, compared with 139.7p, assuming full conversion of warrants. Undiluted the figure amounted to 211.1p against 148.2p.

Available revenue of this investment trust was lower at £168,000 (£438,000) for earnings per share of 1.16p (3.01p). The dividend has been cut from 2.5p to 0.5p.

Sanderson, Murray profits up 67%

Sanderson, Murray and Elder (Holdings), motor distributor, clocked up a 67 per cent increase in pre-tax profit to £1.06m for the half-year to June 30, compared with £633,000. Turnover rose 25 per cent to £64m, including £4.98m from acquisitions.

Earnings per share were 4.58p (2.87p) and the interim dividend is increased to 0.86p (0.80p).

The directors said sales of new cars rose by a fifth on the same period last year at 3,800, while used car sales rose by a quarter to 2,490. The service, repair and parts departments

contributed 61 per cent of total gross profit.

Turnover includes a small contribution from 2 months trading from a Ford dealership in Hull, acquired in April for about £2m. The figures do not reflect the acquisition of the Skipper Group of dealerships in July of this year.

Murray European net assets rise

Net asset value per share at Murray European Investment Trust improved to 51.6p as at June 30 1993. This compared with 46.5p six months earlier and 44.9p as at end-June 1992.

Edmond incurs £187,000 loss

Edmond Holdings, the house-building group, suffered a pre-tax loss of £187,000 for the first half of 1993, against £22,000 last time.

Turnover was £5.69m, down from £6.44m previously. Losses per share were 0.26p (0.03p) and the interim dividend is reduced to 0.15p against 0.35p last time.

The group's gearing is down from 83 per cent at the end of 1992 to 55 per cent.

Spandex advances 10% to £2.45m

Shares of Spandex, the USM-quoted distributor and supplier of sign-making equipment and materials, rose 10p yesterday on news that profits had risen by 10 per cent to £2.45m pre-tax for the half year to end-June.

Turnover was marginally ahead at £28.99m (£28.33m). The "modest" growth in sales was achieved despite the depressed state of economies in the territories throughout Europe where the company operates.

Earnings per share improved to 13.7p (11.2p) and the interim dividend is being lifted from 1.9p to 2.1p.

Redrow chairman says worst is over

By Gary Evans

IN LINE with its forecast at the time of its acquisition of Costain Homes, Redrow Group, the privately-owned house-builder and construction concern, raised pre-tax profits by 30 per cent to £13.5m in the year ended June 30.

Turnover of the group, which paid £23m in July, acquired Costain's loss-making UK housebuilding operations, rose by 8 per cent to £130m. The result prompted Mr Steve Morgan, the chairman, to predict that the worst of the recession was over.

He said that although all group companies experienced difficult trading conditions "we have hopefully seen the start of a sustained recovery in the housing market". Redrow claims to be the UK's largest

unquoted housebuilder.

During the year, Redrow's balance sheet strengthened by a further 17 per cent, reflecting a net worth of £53.7m, while net year end borrowings were reduced to £3.8m, giving a 7 per cent gearing. Following the Costain purchase however, group borrowings rose to £21m and gearing to 39 per cent.

Mr Morgan said he expected the housing division to make substantial progress during the current year. The acquisition of Costain Homes (South East) - took its number of regional housing operations to 7 and gave the division a significant presence throughout England and Wales.

With a land bank of about 6,300 plots, completions approaching 2000 units were anticipated in the current year.

Store opening costs hit Era as losses increase

By John Murrell

THE COSTS of opening four additional stores were partly responsible for a near doubling of losses at Era Group, the specialist retailer, to £25.9m pre-tax for the half year ended June 30.

The deficit, which compared with £1.68m before, was struck from a turnover little changed at £29.2m (£29.36m). The company is best known for its Beatties model and toy chain.

A sales deterioration in the opening quarter following a lack of consumer confidence was compensated for by an improved sales performance in the second quarter.

The group suffered only a slight erosion of gross margins despite severe competitive pressures on pricing and the impact of the increased sterling cost of imported products.

Mr Anthony Fay, the chairman, said the recovery in sales in the second quarter had continued following improving consumer confidence.

He added that if this trend continued, "it should prove particularly advantageous... particularly as trading is strongly biased towards November and December".

The extra stores were also expected to generate additional sales during the important Christmas trading period. Half year losses per share widened from 2.07p to 3.19p.

1993 INTERIM RESULTS		
Year to 30th June 1993		
HIGHLIGHTS OF UNAUDITED GROUP RESULTS	1993	1992
TURNOVER	£1,561.6m	£1,404.6m
PROFIT BEFORE INTEREST	£82.9m	£80.6m
PROFIT BEFORE TAXATION	£61.6m	£62.1m
EARNINGS PER SHARE	13.4p	12.1p
DIVIDEND PER SHARE	6.6p	6.6p

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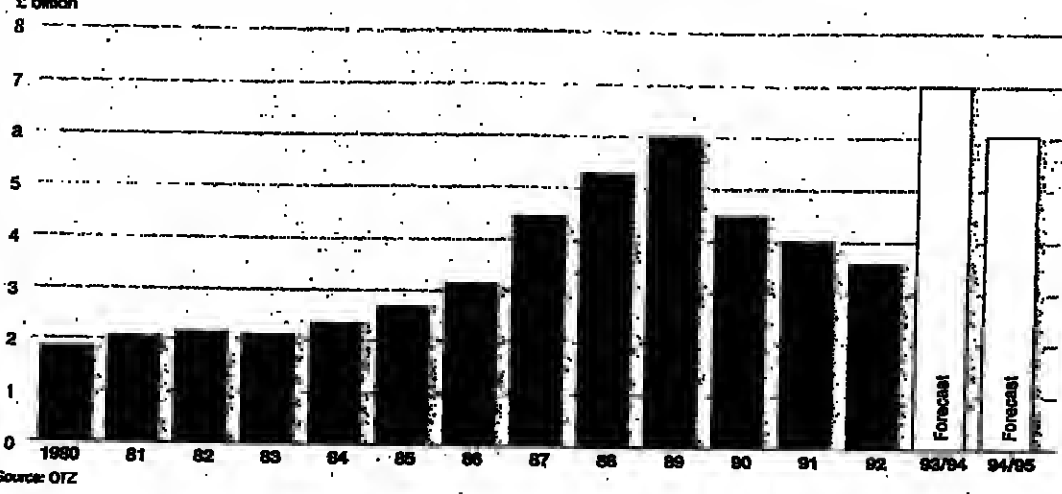
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THE PROPERTY MARKET

Scene set fair for a turnaround

Sentiment is buoyant, but concerns persist about the availability of suitable properties, says Vanessa Houlder

Institutional property purchases: poised for pick-up



Few sectors have more cause to celebrate this week's first anniversary of Black Wednesday than the property investment industry. Starting its exit from the European exchange rate mechanism, which eventually led to a 4 percentage point reduction in UK interest rates, paved the way for a strong recovery in investment demand.

Lower interest rates took the pressure off property companies' balance sheets, easing the need to sell property. The high yields offered by property and the falling cost of finance attracted overseas buyers and private investors into the UK market. Growing confidence in the property recovery, together with its high yields, prompted institutions to return to the market.

The scale of this recovery is underlined in a report just published by DTZ Debenham Thorpe, property consultants, which states that current potential demand is the highest for at least five years.

"The retreat in the flow of money into property over the past three years has reversed," it says.

The report draws parallels with previous periods of heavy buying such as the mid-1970s and the mid-late 1980s. "The current bout of heavy buying fits the cyclical pattern of property investment over the past 20-25 years," says the report. Periods of heavy buying have tended to be sporadic occurring when values do not take sufficient account of the strength of expected demand, it adds.

Different components of the market have been affected by the changed conditions in different ways.

● The institutional sector has experienced the biggest change in

sentiment of any sector. Its gross investment potential over the next 12-18 months could exceed £7bn.

This represents a sea change in attitude. Last year, the combined institutional net purchases of just less than £1bn was half the 1991 total and one of the lowest recorded over the past 12 years. As a percentage of new investment, property has slipped from about 15 per cent at the start of the 1980s to 5 per cent at the start of this year - "a level that is barely acceptable for a mainstream asset class", according to DTZ.

The abrupt change in outlook stems from increasing confidence in the market's recovery, together with a greater appreciation of the attractions of property's high, secure income as bond yields fall.

DTZ Debenham Thorpe Research surveyed 50 fund managers, who control £35bn of property or 60 per cent of total institutional property holdings. DTZ found that investors were taking a "very positive" view of future performance, with nine out of 10 respondents saying that expectations of a recovery in values over the next 1-2 years were an encouraging factor in their investment decisions.

Property is viewed as a means of maintaining the performance of a portfolio, given pessimistic expectations of future dividend growth and an over-supplied gilt market.

The funds' total potential spending power could reach an annual peak of £7bn over the next 12 months and remain at about £5bn

through to the middle of the present decade.

The DTZ survey suggests that about half the funds intend to raise investment and maintain it at a high level for several years, 23 per cent propose a short-term increase in purchases at some point over the next three years, and 17 per cent are net sellers which intend to wind down their acquisition programme.

But there are caveats. With so much money available for so few

suitable properties, values may rise to a point where they are no longer considered as offering good value. Moreover, property sales are expected to increase over the next two to three years.

About 55 per cent of funds expect to raise the turnover of their portfolios this year, although only 10 per cent could be classified as heavy sellers. Another concern for some funds is the possibility of legislative change which could affect the security of rental income.

Enthusiasm for property is stronger among insurance companies than among pension funds, says the report. A quarter of pension funds doubt whether they will be positive investors over the next 12 months, compared with only 10 per cent of insurance companies. Pension funds' appetite for property is restricted by the squeeze on their cashflow and the run-down of funds for the large pension schemes.

● Property companies are also playing an important role in the revival of the property investment market. Share prices of property companies have nearly doubled over the past year, providing excellent opportunities for companies to tap the equity market.

Property companies have raised about £1.2bn in the six months to July through rights issues, largely to reduce debt and fund new acquisitions. Prospects for smaller companies are, however, more subdued, as most lack the financial muscle to exploit the opportunities.

The knowledge that large property companies are no longer forced sellers has increased confidence in the market. "Whereas concern about the scale of property company disposals has depressed the market in recent years, the position is now almost reversed. The prospect that property companies are becoming net buyers is widely seen as a positive influence on capital values," says the report.

● Overseas investors have reduced their spending on UK property from £3bn at its peak in 1988-90, to an estimated £1.4bn-£2bn for 1993. However, this level of investment may prove more enduring than the investment pattern of the late 1980s, which was characterised by many one-off mega-deals.

"The fall in volume represents a shift in the focus of overseas demand from the mega-deals and developments of the late 1980s to a broader and potentially more secure investment pattern."

The majority of deals over the

past 12-18 months have been struck by German investors, although Asian and Middle Eastern investors have increased their presence in the past 12 months.

● Banks, unlike other sources of finance, are generally reluctant to increase funds earmarked for property. "For the foreseeable future, possibly into the mid-1990s, most banks are likely to be too preoccupied sorting out their existing problems to enter into substantial new lending to the property sector," says the report.

Bank loans to UK property, which peaked at £41bn in May 1991, fell to £28bn in mid-1993. Property debt is about 11 per cent of the banking sector's commercial loan book, which despite being 1 percentage point lower than in 1992, remains one of the highest exposures on record.

The banks' reluctance to lend to property may prevent the recovery from spreading through to the entire market. But in some respects, the shortage of bank finance is likely to add to the stability of the market, since it will prevent a surge in development from adding to the supply of new buildings.

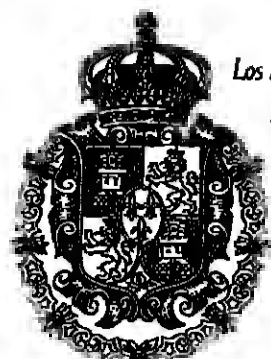
So long as interest rates and bond yields remain relatively low, the scene is set fair for a continued surge in demand for property. The main concern is that there are insufficient sellers of the right type of property at current prices. This could force yields down below the level that buyers are prepared to tolerate at this early stage in the cycle.

Although sentiment towards property has been transformed, it may take longer than investors expect to translate enthusiasm into deals.

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FINANCIAL TIMES SURVEY

INTERNATIONAL MERGERS & ACQUISITIONS

Friday September 17 1993

Hostile takeovers are out, joint ventures, alliances and negotiated deals are in, Tracy Corrigan writes. There has been a persistent trickle of deals so far this year - and there are new opportunities in the emerging markets of Asia and eastern Europe

New-style deals appear

BOOMING stock markets and low interest rates spell better times for the international mergers and acquisitions business. Although no one expects activity to return to the frenetic pace seen in the 1980s, some recovery in the volume of traditional M&A deals is becoming apparent.

While the lucrative fees earned by hostile takeovers are not expected to return, there are new types of business for banks, more suited to the business cycle of the 1990s. There has been "a shift from very transaction-oriented business in the 1980s, back to a relationship-orientation," says Mr Stephen Waters, head of investment banking in Europe and co-head of Morgan Stanley International.

There will also be "less expansion into new business areas, more building-up of core business," says Mr Richard Sapp, a managing director of M&A at Goldman Sachs.

The increase in international competition, as barriers between markets have fallen, has focused business leaders' attention. It has become more difficult for companies to compete on an international scale, forcing them to be more alert to opportunities to plug geographical holes.

Large companies expanding overseas are looking for acquisitions which fit strategically with their main business and provide economies of scale which help cope with the strains of operating internationally. They are keen to look at options other than acquisition, such as joint ventures.

But those companies which are starting to look round for strategic acquisitions remain very cautious about paying over the odds.

"The main question is: does this make sense strategically. Companies want first to pay less premium, and second to bind economic interests together," says Mr Piers von Simson, a director of Warburg.

Sentiment continues to turn against the conglomerate, as companies take the view that in order to remain competitive they need to focus on their core business. Some companies are still de-gearing, after building up debt too rapidly in the 1980s; this may involve divestitures, or "unbundling". "There has been a lot of restructuring in Europe," says Mr Stephen Brishy, head of corporate finance at UBS, which consists in part of "undoing things that were done in the 1970s and 1980s."

In the US and the UK, the process of unbundling in order to refocus on core business is well under way, but there is likely to be a substantial growth in activity in continental Europe in the next few years.

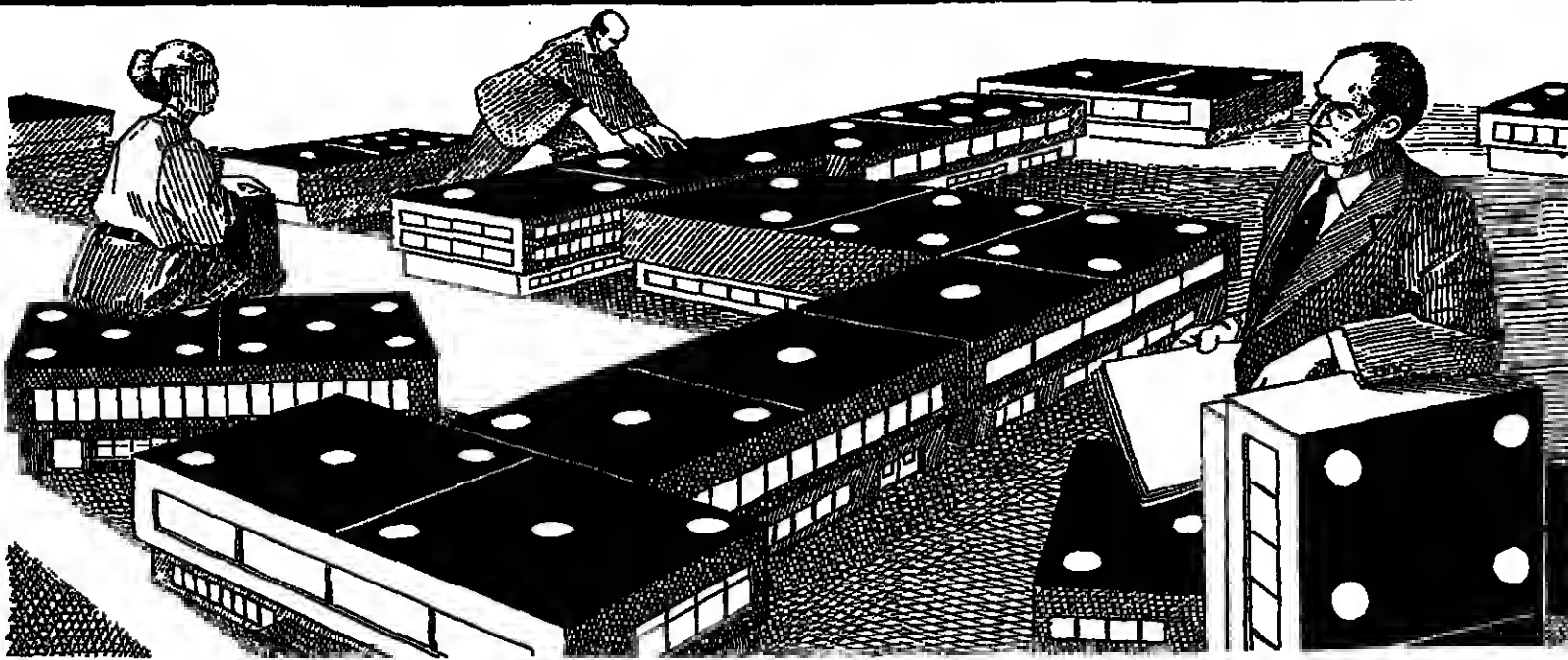
The most important demerger of the year was ICI's flotation of its pharmaceuticals division to form a new company, Zeneca. The move was followed by Pearson, which is demerging its Royal Doulton china company in order to concentrate on its media and publishing interests. Other similar deals are expected to follow.

"Companies with disparate businesses are asking themselves whether they are worth more together or apart," says Mr von Simson. "In Europe, there are a lot of conglomerate holding companies, which trade at a discount, like investment trusts."

He thinks that UK and US companies have been forced to re-evaluate their structure at an earlier stage because they went into a cyclical downturn earlier - and generally have more vocal shareholders.

But, as the ownership of shares in European companies becomes increasingly international, the focus on share price performance and dividend growth is also set to increase.

Many prominent continental European companies are still run as conglomerates - for



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Illustration by Joe Cummings

example, Daimler-Benz, which runs not only a car and aerospace business but also a washing machine manufacturer.

The growing competitiveness brought about by the breakdown in barriers between markets in capital-intensive industries has also fuelled activity as leading companies seek to consolidate their positions.

"In publishing and pharmaceuticals, for example, every opportunity has been crawled over by the leading companies in the sector," says Mr von Simson.

Pressures for consolidation are also set to increase in the banking and insurance sectors across Europe. Mr Waters at Morgan Stanley says that there has been a blurring of the lines between some industries, such as insurance and banking, and media and technology. For example, there have been deals between telecommunications and computer hardware and software companies.

Privatised utilities in the UK are proving themselves keen to expand overseas. For example, the water companies are moving into pollution control and the electricity generators are buying overseas electricity companies.

The consolidation of the airline industry also still has some way to go: the most important deal currently in the making is the joint venture of four European airlines, SAS, KLM, Swissair, and Austrian Airlines.

But the European single market has not proved as great a catalyst as predicted, although a number of sectors, such as insurance, have seen pan-European consolidation.

The European super-company has not materialised, but links such as Renault and Volvo and Reed and Elsevier may point the way. However, some bankers think that joint ventures are inherently unstable and will either lead to full scale integration - as in the case of Renault and Volvo - or collapse.

In continental Europe there are many smaller family-owned companies under pressure to expand their businesses in order to compete, but with no access to the necessary capital, increasing numbers of such companies are likely to go public, or to be sold off to larger groups, bankers believe - although the process has already lagged behind their expectations.

Bankers are also giving

increasing attention to the emerging markets, which are expected to be a source of growing activity. Some Latin American deals have already taken place, most notably the acquisition by Cemex, Mexico's cement company, of Spain's two largest cement companies.

But the developing markets in the Far East are the subject of the greatest enthusiasm among bankers, particularly China, where the combination of the shift towards capitalism and the potentially enormous market for distribution are fueling interest.

"Europe offers the opportunity to buy into a mature market, and values are now more attractive," says Mr Sapp at Goldman. "But the far east is the great expansion opportunity."

However, most markets remain highly restrictive in terms of foreign ownership, or have few sizeable companies.

"The far east may be the market of the future but entry is through green-field (or start-up) operations because with very few exceptions there is nothing to buy, or if there is, it is impossible to buy it," says Mr von Simson.

But of all the emerging markets, Eastern Europe has proved the most difficult nut for M&A advisers to crack. Relative to expectations, the level of activity remains low, and bankers are rather pessimistic about any immediate improvement in prospects.

Acquisitions are not always the most attractive way to move into Eastern Europe, according to Mr Klaus Diederichs at JP Morgan. "In the food industry, for instance, what you are paying for is an acquisition is brand, distribution and product - none of these do you get in Eastern Europe."

After a difficult start to the decade, therefore, the mergers and acquisitions business appears to be finding a new sense of direction, more in tune with fundamental economic trends. The growth of business in the emerging markets, and through large privatisation programmes, has provided the M&A business with a useful fillip.

The buzzwords of the 1980s - the LBOs (leverage buy-outs) and the HLTs (highly-leveraged transactions) - have given way to new catch phrases, such as rationalisation, relationship-banking and core business.

Companies that value strategic advice based on global industry knowledge, pan-European reach based on longstanding presence, and transaction experience in local markets can rely on one firm.

JPMorgan

Strategic advice in the United Kingdom

Some recent transactions:

McDonnell Douglas
Divestiture of McDonnell Douglas Information Systems International (MDISI) to McDonnell Information Systems Limited, a newly formed company by MDISI management

Fisons
Divestiture of Fisons' UK consumer health business to Roche Holding Ltd.

Reuters
Tender offer for up to 25 million of its outstanding Ordinary Shares

Every European J.P. Morgan office provides access to local know-how, global insight, worldwide teamwork. Call us in London, Amsterdam, Brussels, Channel Islands, Frankfurt, Geneva, Madrid, Milan, Paris, Rome, and Zurich. In the U.K., contact Roderick Peacock at (44-71) 325 5664.

JPMorgan

A high-contrast, black and white photograph of a textured surface, possibly a book cover or a piece of fabric. The image is dominated by a dark, grainy texture. On the left side, there is a distinct rectangular area with a grid-like pattern, resembling a woven material or a printed design. The overall composition is abstract and focuses on the interplay of light and shadow across the different textures.

The World Financial Centre in New York, close to the Battery and Wall Street: it looks as if the M&A business has turned the corner *Picture: FT/Glynis Genn*

There are several reasons for the turnaround. By the end of the 1980s, companies were overburdened with debt, much of it raised at expensive rates

Bank financing is back

The overall pool of financing capital, not just equity, has been growing. In particular, bank financing is back. Banks, coming off two of the most profitable years in their his-

Many industries, for example, are undergoing or face rad-

Year	Value (\$ billion)
1988	43
89	28
90	25
91	13
92	6
93*	9

*only for the first six months

	Value \$m	No of Deals
1987	208,478.1	3327
1988	348,616.8	3970
1989	311,188.6	5539
1990	179,898.7	5680
1991	138,016.8	5305
1992	137,477.7	5579

It has been a similar story in the healthcare industry. Columbia Hospital Corporation's \$4.2bn acquisition of Galen Health Care, and Merck's purchase of Medco

"My view is that we are at a new level, and that it is likely to be a sustainable level. Business has been somewhat spasmodic for the last couple of years, and my sense is that today more companies want to talk, and are taking seriously the idea of doing something on the buy side or sell side. That's the best barometer we have. Our backlog is up dramatically in terms of the number of deals and the quality of deals."

Ailing companies need help

Minieba, the world's leading maker of miniature bearings. Minebea entered the semiconductor market in 1984 as part of a diversification programme. However, the losses at Minebea made it impossible for the company to support NMB, which

	1989	1990	1991	1992	1993
Foreigners buying Japanese comps	22	3	48	27	11
Japanese buying foreign comps	2,899	2,583	710	254	104
Japanese buying Japanese comps	109	176	227	268	10

*Total for the first six months

Source: Financial Research Institute

A more recent rescue was that of Cosmo Securities, a second tier broker, by Daiwa Bank. Cosmo posted an extraordinary loss of ¥69.8bn as a result of its *tobashi* deals (or shuffling of one client's account to another to avoid realisation of investment losses). Daiwa injected more

The government says that Daiwa's acquisition of Cosmo is an exception. Although banks have been allowed partial entrance into the securities industry since last April, the government has yet to allow commercial banks to hold stock broker affiliates. The

Year	North America	Rest of the world
1988	70	15
1989	125	70
1990	140	80
1991	65	55
1992	40	50
1993	15	15

comes at a time when smaller brokers, which depend on retail commissions for revenue, are in dire need of financial help, as trading volume of the stock market has plunged. Aside from the *tobashi* losses, Cosmo itself posted a pre-tax loss of ¥150m for the first four months to July, as a result of the sluggish stock market.

In Tokyo's Ginza financial district, the financial community is now placing bets on the next brokerage bailout.

The problems for Japanese acquisitions of overseas companies have not only been capital related, but also culturally oriented. The difference in management style has compounded the difficulties of relations between the new management and workers. Bridgestone, the

says that once the economy recovers, Japanese companies will once again look overseas. "There won't be the mega deals you saw in the late 1980s, but Japanese companies will still need to go overseas to survive," says an official. The high yen is also promoting

Car parts makers are being hit by sharp production cuts in the car industry, and the leading carmakers' shift of production to overseas plants. However, at the last minute Nissan Carburetor decided to cancel the merger as a result of opposition by some over-zealous

Global presence, local expertise

<p>The undersigned agrees as a condition of membership</p> <p>VF VF CORPORATION MEMBERS, P.O. S.A.A.</p> <p>VF CORPORATION has acquired WIVESA (Spain) Brand names: Wivesa Cherry, Spish, Majestic and Glamour and JEAN BOLLANGER ENTERPRISES (France) Brand names: Lure and Corine</p> <p>CITIBANK, S.A. located at 60 Wall Street NY Department New York, January 1980</p> <p>CITIBANK</p>	<p>The undersigned agrees as a condition of membership</p> <p>Inchcape Middle East and RETRANS ULUSLARARASI DAGITIM VE TICARET A.Ş. have formed a joint venture</p> <p>Inchcape Retrans</p> <p>CITIBANK, N.A. located and active at Bay Road, Ankara at New York Istanbul, January 1980</p> <p>CITIBANK</p>	<p>The undersigned agrees as a condition of membership</p> <p>SPIC Southern Petrochemical Industries Limited has acquired a controlling interest in Tuticorin Alkali Chemicals and Fertilizers Limited</p> <p>The undersigned acted as financial advisor to Southern Petrochemical Industries Limited London, January 1980</p> <p>CITIBANK</p>
<p>The undersigned agrees as a condition of membership</p> <p>Diners Club Asia, Inc.</p> <p>Done under the Name Diners Club (P)</p> <p>Korea Credit Corporation</p> <p>The undersigned acted as financial advisor to Diners Club Asia, Inc. Said, February 1980</p> <p>CITIBANK</p>	<p>The undersigned agrees as a condition of membership</p> <p>MARK IV INDUSTRIES INC.</p> <p>has acquired Pirelli Transmission Industriale S.p.A. has acquired Transmission Industriale of Pirelli S.p.A.</p> <p>The undersigned acted as financial advisor to Mark IV Industries, Inc. Miami, July 1980</p> <p>CITIBANK</p>	<p>The undersigned agrees as a condition of membership</p> <p>GFT Finance S.A. a subsidiary of GFT S.p.A. has acted as controlling interest in GFT de Mexico S.A. de C.V.</p> <p>The undersigned acted as financial advisor to Grupo Textil Mexicano S.A. de C.V. subsidiary formerly of GFT S.p.A. and now of GFT S.A.</p> <p>The undersigned acted as financial advisor to GFT S.A. Miami, July 1980</p> <p>CITIBANK</p>

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INTERNATIONAL MERGERS & ACQUISITIONS III

Profile: J P Morgan

Fast mover across Europe

IN THE past few years, while many other banks have cut back their mergers and acquisitions teams, J P Morgan the blue-chip US bank, has taken a contrary approach.

"We have increased the resources dedicated to the business, and maybe faster than some of our peers," said Mr Rod Peacock, co-head of J P Morgan's European advisory group.

The cross-border European M&A business has relatively few big players. SG Warburg and Goldman Sachs are still considered the leaders of the pack, but J P Morgan is one of a small number of other participants that can claim to be genuinely pan-European: the bank has long-established bases in all the important European financial centres.

But while it is considered a market-leader in the securities business, J P Morgan is still not one of the first names to spring to mind in the context of European M&A activity.

The team has been built up from 10 to 60 professionals in the past four years - still a drop in the ocean of 4,500

The bank is positively viewed by its largely blue-chip clients

J P Morgan staff in Europe. The European M&A team is based in London and staffed by pan-European industry specialists, with teams in all the main European centres.

The aim is to "combine a global or pan-European industry view with local market ex-

perience," says Mr Peacock.

While claiming not to focus on league tables, the bank has nevertheless risen from nowhere to rank fifth in the 1992 list of financial advisers on cross-border European deals compiled by Acquisitions Monthly, the M&A trade magazine.

Although J P Morgan has been involved in the M&A market for many years, the bank was not a big player during the boom days of the 1980s.

"Our intent is to be a strategic adviser to our clients," says Mr Walter Gubert, now head of corporate finance in Europe, who headed up the thrust in recent years. "This is as true today as it was 10 years ago. J P Morgan's value-driven philosophy has not changed, but the evolution of the market and of shareholder attitudes has shifted the emphasis from the hostile deal to the complex industrially-driven transaction," he explained.

It is certainly true that J P Morgan has benefited from the greater emphasis on advisory work, and the virtual disappearance of the hostile takeover. "I get professional, client-centred advice, and that is what I want," says one company chairman.

Current conditions - the

emphasis on relationship banking, the need for industrial restructurings, the increase in international industrial competition, the focus on core businesses - favour that approach. "It is a positive cycle for us," says Mr Gubert.

Mr Klaus Diederichs, co-head of European advisory, says the acquisition, in 1991, by Marzotto of Italy of the majority stake in Hugo Boss, the German fashion manufacturer, from a Japanese group, is typical of the multi-dimensional nature of the advisory business in the 1990s. It required the close co-ordination of the bank's network in Asia and across Europe.

"It was J P Morgan's relationship with the buyer and its knowledge of the needs of the players in the industry which enabled the bank to move faster than its competitors to secure the deal for its client," says Mr Diederichs.

In an unusual step, Mr Gubert was appointed to the board of Hugo Boss, following the acquisition, to help the transition to new ownership. "This is an illustration of the client-focused nature of J P Morgan's advisory activity," says Mr Diederichs.

As an example of the firm's culture of putting the client



Klaus Diederichs, Walter Gubert and Roderick Peacock. "If a client is not happy that will affect your bonus"

first, Mr Gubert tells the story of going to see Sir Dennis Weatherstone, the bank's chairman, about a potential deal, and being cut short with a single question: "If you were the client, would you do the deal?"

The idea of such team-spirit in a bank culture, where staff are traditionally ruled by the annual bonus, is rather hard to credit. Mr Gubert insists that it is possible. "We do pay bonuses on performance, but the most important measure of performance is the client's satisfaction. If a client is not

happy that will affect your bonus," he says. Among its peers, J P Morgan commands respect, but not awe.

"J P Morgan starts with a very good client base and a long-term orientation, both of which are needed in this business," says one M&A specialist. "They are good at the bread and butter stuff, but there are some gaps in their capabilities." For example, he adds, J P Morgan's historic exclusion from the equity business in the US meant that its equity distribution lagged other houses.

Another M&A specialist says that the most successful professionals in the market would not choose to work at J P Morgan. The more aggressive approach of other banks - and the larger pay packets - prove more attractive to many high-flyers.

Although J P Morgan sees its lack of involvement in the area of hostile bids as a strength, some of its competitors say that its lack of experience in this area means the bank has a less thorough feel for the market as a whole. However, it is positively

viewed by its largely blue-chip clients, many of which deal with the bank across a number of different areas.

"We have an ongoing relationship with J P Morgan, based on fact that they are more similar in character to us than other banks," says Reto Domeniconi, executive vice-president of Nestlé. The world's largest foods group was advised by J P Morgan in its recent acquisition of Italgel, the Italian ice-cream manufacturer sold as part of Italy's privatisation programme by state holding company IRI. "One has to tread carefully in Italy. We were at ease that they were well established in Italy, and that is why every thing went well," he adds.

Sir Christopher Hogg, chairman of Reuters, which was advised on its recent share buy-back by J P Morgan, says: "They have given me distinguished advice on at least four or five occasions." As chairman of the bank's UK advisory council, he is not now an unbiased witness, as he admits. However, he first came across J P Morgan in the late 1970s, when it proved "steady and unflappable" during the restructuring of Courtaulds.

Another client describes the bank as "solid, but not overly aggressive". Such a description, applied in the 1980s, would have perhaps been considered a slight. In 1993, it is intended as a compliment.

Tracy Corrigan

Profile: J Henry Schroder Wagg

When the going gets tough . . .

IN 1983 J Henry Schroder Wagg, the UK investment bank, was taught a horrible lesson.

One of its oldest and most valued clients, Thomas Tilling, faced a bid from BTR, the conglomerate. Not content with Schroder's advice, it turned to its rival, SG Warburg, with the parting explanation: "When you are fighting for your life you need the best".

Mr Win Bischoff, who was appointed chief executive at Schroders in the same year, says Tilling's defection "really hurt". But he also believes it was responsible for a renaissance at the bank - by teaching it that it could no longer afford to be complacent. "We were too relaxed, too reactive, and too remote," he says.

The more aggressive approach paid off: in the last 10 years the group's capitalisation has increased from £100m to more than £1.5bn. Mr Bischoff decided early on in the 1980s that the bank would not try to do everything. "We like to think of ourselves as a relatively small flexible company." Corporate finance operations are still at the heart of the group.

At the time of Big Bang, most of Schroders' competitors chose the opposite route, which proved a mistake. An exception was SG Warburg. But it needed the capital to finance its new business in securities.

Schroders conserved its capital, and its family control, by staying out. Since it became a publicly listed company in 1991, the bank has never raised capital.

Because the bank makes a significant amount of money advising clients on tapping shareholders for cash, Mr Bischoff is the last person to criticise other banks for going down that path. But he believes Schroders is stronger for having conserved its capital and share structure - Mr Bruno Schroder's family owns almost half the bank, effectively giving them control.

Mr Bischoff says this has imposed important disciplines on the bank: "We have to focus on less capital intensive businesses."

One of his earlier decisions as chief executive was to sell its American bank. It made no sense for a London-based merchant banking group to be in commercial banking in New York, and Schroders switched from commercial to investment banking there, by taking a 50 per cent stake in Wertheim Schroder. In the long term, Schroders is likely to take full control.

Mr Bischoff says that joint ventures do not usually last forever. "In management terms there are advantages to be able to integrate our busi-

nesses in the United States."

In the UK, Mr Bischoff is content with the present structure. Analysts estimate that Schroder Investment Management, whose managed funds total more than £25bn, could account for up to two-thirds of Schroders' stock market valuation. If floated off it could further increase the share price.

But Mr Bischoff firmly resists such suggestions. "We do not need the capital - and furthermore, how could we better invest it?"

Schroder Ventures now accounts for 10 per cent of the bank's profits. Schroders recently reported after-tax profits of £64m, 23 per cent more than the previous year, excluding an extraordinary item. Mr Bischoff adds a cautionary note. The larger venture capital businesses become, the more often they may have problems in looking for an exit via a flotation. "It has not been an easy time for the capital venture business".

Having got this far, most banking analysts wonder whether Schroders can continue to grow. The view at SG Warburg is that Schroders lacks the distribution to become a serious threat outside the UK. As a rival puts it: "A merchant banker is only as good as his last conversation with a broker."

Mr Bischoff happily concedes that Schroders' distribution does not come close to that of Warburg's. But then he is happy to rest his stockbrokers. "Did you know we have more clients that use Warburg Securities than SG Warburg?"

But, some banking analysts say, that is fine when things are going well. When corporate finance deals start to go wrong, as in the aborted flotation of GPA Group, the aircraft leasing company, an investment bank needs a broker to tell it what is going on.

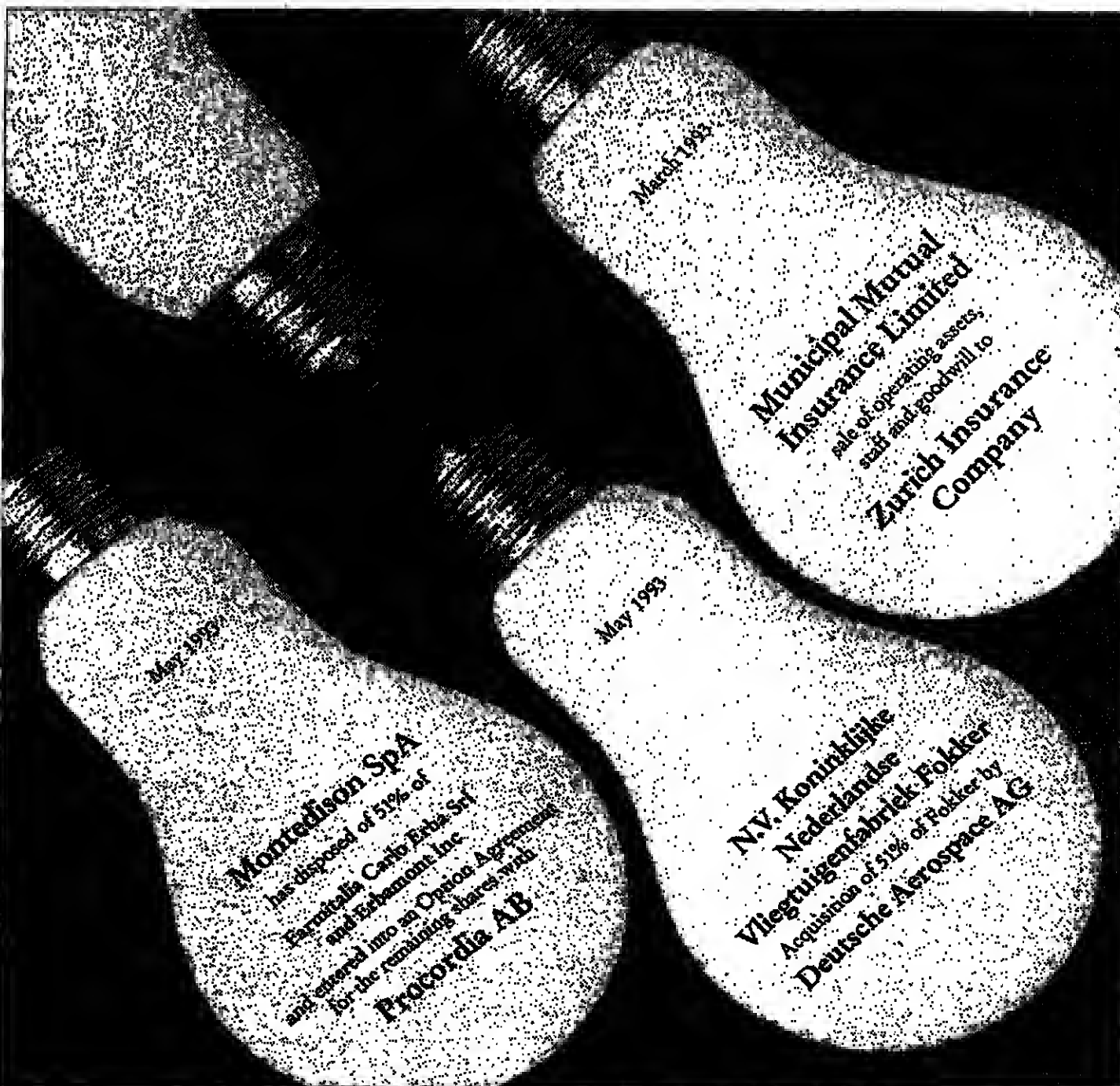
In Schroders' defence, Mr Bischoff says it was only the UK adviser, Nomura International was the global manager which (he believes) did and does lack international distribution. Furthermore, he says all the advisers, including the brokers to the GPA failed flotation, Barclays de Zoete Wedd, misjudged the market.

"No other bank would have got different soundings from the market," says Mr Bischoff. Warburg, however, turned down the opportunity of advising GPA on a flotation, which Schroders could not resist.

The GPA association did not appear to harm Schroders' reputation. Its continued association with the company, by helping with its restructuring, indicates how far it has come since it was abandoned by Thomas Tilling.

Roland Rudd

Some recent European M&A highlights.



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INTERNATIONAL MERGERS & ACQUISITIONS IV

League table of advisers on European cross-border acquisitions completed between January 1 1993 and June 30 1993, ranked by value

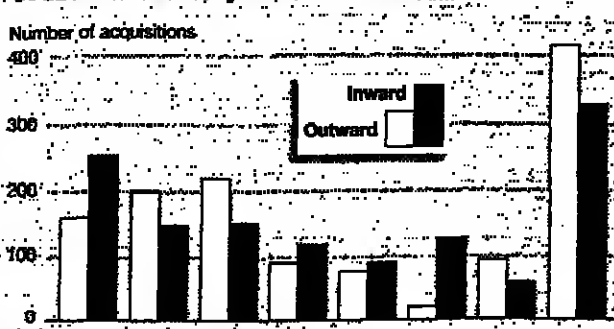
	No. of deals	value in £m
1. Lazard (3)	19	2,423
2. UBS (1)	11	1,773
3. Morgan Grenfell (8)	19	1,316
4. CSFB (12)	7	1,286
5. Morgan Stanley (14)	6	1,294
6. SG Warburg (1)	13	1,204
7. Credit Lyonnais (1)	4	1,043
8. Eurolife (10)	5	1,037
9. Schroders (11)	17	925
10. BZW (17)	9	825
11. Wasserstein Perella (1)	3	876
12. Goldman Sachs (2)	10	833
13. Lehmann Bros (16)	8	586
14. J.P. Morgan (5)	12	567
15. Salomon Brothers (4)	7	536

* Full Year rankings

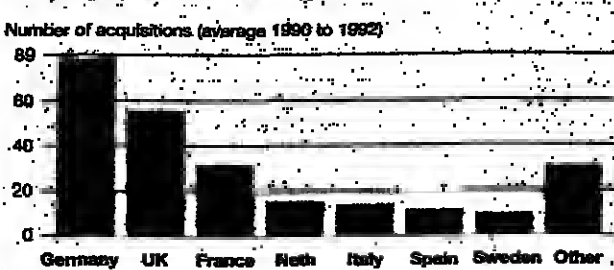
Compilation criteria:
Advisers have worked on more than two transactions.
Target company or assets acquired western European (including the UK).
Acquirer of different nationality to target.
Deal completed between January 1 1993 and June 30 1993

Source: Acquisitions Monthly

Cross-border acquisitions 1992



US acquisitions in Europe



than expansion is the priority. Italian purchases also fell sharply. Investigations into political and business corruption are cited as the significant factors - while companies and senior executives are under suspicion of bribery, it is difficult for them to focus on large-scale foreign expansion.

The value of cross-border sales of EC companies nosedived again in the first half of this year, to \$12.3bn, after recovering to \$42bn in the full year 1992, from \$23.1bn in the full year 1991.

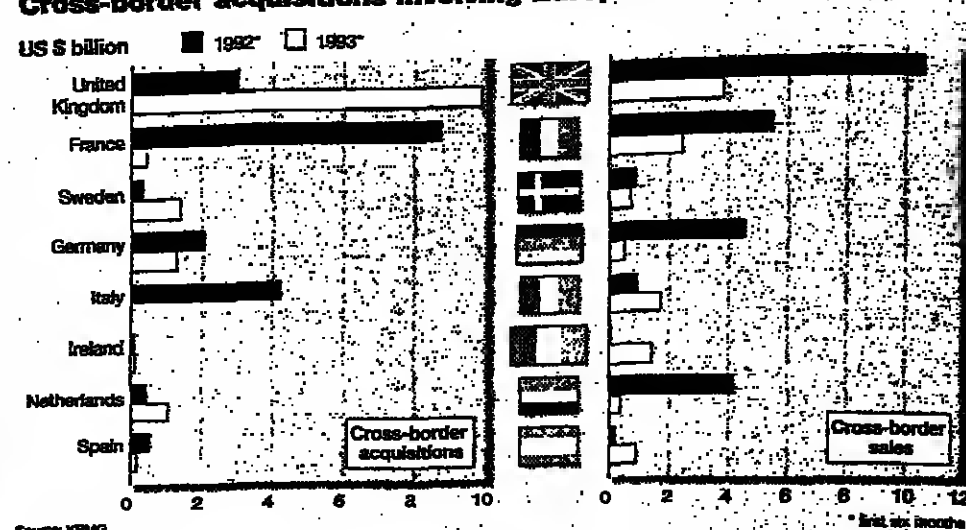
Japanese purchases of EC companies have declined rapidly since the peak year of 1990, when there were 50 deals, worth almost \$3.4bn. In the first half of 1993, KPMG logged just seven Japanese purchases, worth a total of \$34m. The most popular target sectors for Japanese companies buying into the EC in 1988-93 were hotels and catering, electrical and electronics, chemicals and pharmaceuticals, real estate and wholesale distribution.

US buying over the same period shows a different pattern, with purchases peaking a year earlier, when there were 221 purchases worth \$12.1bn. That figure slumped in 1990, but has been recovering steadily ever since.

In the first half of 1993, KPMG recorded 88 US buys, worth a total of nearly \$4.4bn. The main target sectors have been vehicle manufacturing, food, drink and tobacco, electrical and electronics, chemicals and pharmaceuticals and oil and gas. The UK has been everyone's favourite target EC country.

Bankers like to remind one, however, that the European single market is a marathon, not a sprint: its requirements will feature as an important consideration in the long term, if only because the EC is a long way behind the US in industry consolidation. Large-scale consolidation is widely predicted.

Cross-border acquisitions involving European companies



for example, in banking and financial services, whether through alliances, cross-shareholdings or acquisition.

In five to 10 years there will probably be fewer independent banks and insurance companies in the UK, says Mr John Studzinski, managing director responsible for Morgan Stanley International's financial advisory business in Europe.

The Bank of England agrees that the expected benefits of the single market programme have yet to be fully realised in banking and financial services. In its most recent quarterly report the Bank says it is perhaps more apparent that early expectations were themselves rather unrealistic, especially on timing and the extent of the transformation that could be achieved within EC financial markets.

Institutions are continuing to make acquisitions and establish co-operation agreements, says the Bank. A number of factors could yet lead to a resurgence of activity. In the end, the single market programme may yet have a profound impact on the financial services sector within the EC.

In food and drink, Philip Morris of the US has carefully built up its European core business since the acquisition of Jacobs Suchard in 1990, notes J.P. Morgan. It followed up with the acquisition of Norway's Freia Marabon last year and Terry's of the UK this year - important moves to fill gaps in its product portfolio and geographic coverage. Many medium-sized food companies will continue to be acquired and consolidated into the majors, says Mr Studzinski.

Retailing is tipped as a possible candidate for consolidation, too, although there is uncertainty about whether retailing can work well on a grand scale, and whether retailing concepts can be exported successfully. Judgment is reserved on the French forays of Kingfisher and Tesco. Kingfisher's purchase of Darty, an electrical retailer, and Tesco's purchase of Citecann remain an intriguing exception rather than a new rule.

The pharmaceuticals and personal healthcare sector has already seen large-scale international consolidation. Recent significant announcements

were the joint ventures between the UK's Glaxo and Wellcome and Warner-Lambert of the US; but analysts say there are still too many medium-sized players. Heavy research and development bills will make it difficult for smaller companies to survive.

There are likely to be further consolidating moves in the European pharmaceuticals sector, says Mr Stephen Brisby, head of UBS's European corporate finance arm, which advised Italy's Montedison on the sale.

In deregulated growth industries, such as telecommunications, Bell Canada's purchase of a 20 per cent stake in Mercury Communications, a subsidiary of Cable & Wireless, is used to demonstrate the need for larger international players to buy in Europe to build market share.

The discussions between KLM, SAS, Austrian Airlines and Swissair are an example of much-needed industry consolidation, which has nothing to do with the single market, says Mr Rod Peacock, joint head of European M&A at J.P. Morgan.

Brian Bollen reports less, not more activity in the EC single market

Euro-predictions go awry

RECESSION is taking the brunt of the blame for the slowdown in European cross-border mergers and acquisitions.

When the single market came into being at the start of this year, many merchant and investment bankers confidently predicted that there would be a renewed wave of activity as companies faced up to the market's competitive pressures.

The evidence of the first few months shows that this has not happened.

Indeed, current wisdom is that much M&A activity executed under the banner of the single market was driven by other more traditional factors:

the consolidation of mature industries, the search for global competitiveness or a quick increase in market share.

Many bankers reason that activity will recover when Europe's recessions end and that volume will be increased by privatisation, the deregulation of industry sectors, and by restructurings and non-core disposals in the need to increase solvency.

Euro-sceptics argue, however, that substantial acquisitions are taking longer to digest than first thought. Today there is a more realistic attitude towards the single market.

One prediction that has been

borne out is the change in the nature of international corporate activity. Hostile takeovers are out, and a more co-operative approach, characterised by mergers, alliances and joint ventures, is in.

Underpinning the effect of recession is the shift in the balance of power, from seller to buyer. On non-core disposals, you can kiss the old-fashioned auction approach goodbye, says Mr Francois von Hurter, co-head of European M&A at the Credit Suisse First Boston group. Life in the new world requires more flexibility and imagination on the part of bankers.

The recession contributed to a 40 per cent fall in the volume

of cross-border M&A activity worldwide in the first half of 1993, according to the Deal Watch survey carried out by KPMG, the international accounting firm.

The survey recorded preliminary figures for cross-border acquisitions of \$25.3bn in the first six months, compared with \$43.2bn in the same period in 1992. French buying activity fell most, from \$8.7bn to \$4.2bn. Although French companies have been the most enthusiastic buyers of companies in other EC countries (French purchases from 1988 to first half 1993 have totalled \$35.7bn), the French recession dictates a cautious approach to investment. Survival rather

John Thornhill finds that UK takeover activity is at a 25 year low

British bankers scramble to unbundle

WITH takeover activity in the UK at a 25-year low, merchant bankers have been scrambling around for new ways to make a living.

The last dribbles of the UK privatisation programme, a smattering of international joint ventures and the recent wave of rights issues have kept many of them occupied. But advising companies about the latest fashion for unbundling and restructuring a business is perhaps providing

their most lucrative pastime. Arguably, the trend began with BAT Industries in 1990: it decided to unbundle itself rather than face the predations of Sir James Goldsmith.

Merchant bankers were well

rewarded for living off the Argos retailing chain and the Wiggins Teape Appleton paper business into separately listed companies. Since then they have been merrily trying to spot other companies which

could benefit from more "focus". Courtauld performed the same trick with its textiles business - and Rascal did it with Vodafone.

In the past year, there have been several other examples of

UK companies restructuring themselves with the aim of concentrating on discrete industries and releasing additional shareholder value.

ICI, the chemicals giant, has demerged its pharmaceuticals business, creating a separately listed FT-SE 100 company, Zeneca, capitalised at more than \$6bn.

ICI argued that the deal was driven primarily by industrial logic: the demerger would enable both its chemicals and pharmaceuticals companies to develop more aggressively in their chosen markets.

Charter Consolidated has simplified its shareholding structure, and effectively bought its independence, by selling its 38 per cent in Johnson Matthey for \$342m and buying out its own 36 per cent shareholder, Minorco, for \$226m. The company claimed this would enable it to focus on expanding its core industrial concerns.

Richemont is untangling its international web of corporate assets, to create two separately-listed tobacco and luxury goods businesses, Rothmans International and Vendôme.

As well as releasing cash for both Richemont and other shareholders, the move should create more clearly delineated businesses with simpler shareholding structures.

This unbundling trend has resulted from a variety of pressures, other than the threat of takeover.

First, fund managers appear increasingly attracted to companies which "stick to their knitting". Big institutional investors have grown increasingly sophisticated at spreading risk and diversifying their own portfolios.

The traditional rationale for agglomeration - namely to smooth out cyclical fluctuations in earnings - is therefore dropping down the list of investors' needs.

Managers, too, appear to have learned from the excesses of the 1980s, when some companies went wild exploiting paper money and lax accounting standards to grow shaky businesses by means of acquisition. Management gurus now preach the steady virtues of organic growth and "core competences".

Companies now seem more inclined to conclude agreed deals in related industries than make hostile approaches in unrelated sectors. This lessens the associated financial and managerial risks. Buyers are likely to have far more familiarity with the target company, and can undertake extensive due diligence.

As Ken Costa, director of merchant bankers SG Warburg, puts it: "In the 1980s you flirted with all the girls in the street and married someone from across town. This time, you flirt but marry the girl next door. You know all the family history and all the rows, because you are next-door neighbours."

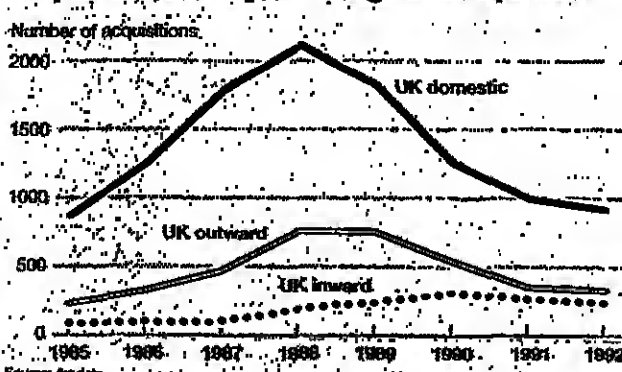
The other important element in the equation, though, is the low inflation which prevails in much of the developed world. High inflation corrupted the value of cash, encouraging managers to splash out on assets as a hedge.

"The idea was that you could not hold cash, because inflation would erode its value. Instead, you invested in a huge capital base which would help you out by appreciating in value," says Mr Costa. "But there is now no embarrassment in giving back money to shareholders." Reuters has perhaps established a precedent in returning £350m of surplus cash to shareholders by means of its share buy-back scheme.

These changing corporate trends have important consequences for merchant bankers. They suggest that opportunistic hostile takeover bids, which formed their staple diet in the 1980s, will be infrequent.

This may make life tricky for the small merchant banking boutiques, which are heavily reliant on the success fees derived from traditional M&A work. Companies seem

Acquisition activity involving UK companies



likely to continue shedding peripheral businesses as they focus on their main areas of skill and knowledge. When expanding, they seem more likely to buy unwanted divisions of other companies than to launch bids for quoted assets.

The recent experience of the predatory MB-Caradon is perhaps illustrative of the trend. After scouring the stock market for any value in the quoted building materials sector, the cash-rich predator has homed in on an parcel of building-products assets owned by RTZ, which is slumping down to its core mining interests. Merchant bankers need intimate contacts and a fair degree of lateral thinking to initiate and benefit from such deals. Those banks with strong analytical teams are perhaps best placed

to spot the opportunities. But the more austere climate of the 1990s will not necessarily put merchant bankers out of fashion. Asset reshuffles and corporate restructurings can prove just as profitable for merchant banks as takeover deals.

This is especially true if such deals span different countries' regulatory and tax regimes. The restructuring of Richemont's tobacco and luxury goods business provides a case in point. The reshuffle created two companies with twin listings on the London and Amsterdam, and London and Luxembourg, stock exchanges.

"What you lose in hostility, you make up for in complexity," Mr Costa says. "It just puts a premium on ingenuity and innovation."

The East Asiatic Company Limited A/S

Barclays de Zoete Wedd Australia Limited was adviser to The East Asiatic Company Limited A/S in its sale of Plumrose Australia Pty. Limited, Plumrose New Zealand Limited and certain associated brand names to Pacific Dunlop Limited for A\$225,000,000.

July 1993



Barclays de Zoete Wedd Limited advised The Alexandra Towing Company in the recommended cash offer of £55,000,000 for the company by Howard Smith (UK) Limited, a subsidiary of Howard Smith Limited (Australia).

March 1993

RENEER FILMS CORPORATION

Barclays de Zoete Wedd Incorporated acted as exclusive financial adviser to The Goodyear Tire & Rubber Company in the sale of its Reneer Films Corporation subsidiary to GenCorp Inc.

July 1993



Barclays de Zoete Wedd acted as financial adviser to BCE Telecom International Inc. in the acquisition for £480,000,000 of a 20% interest in Mercury Communications Limited and the associated sale of a 20% interest in BCE Telecom Limited to Cable and Wireless plc.

January 1993



M & A - CORPORATE FINANCE

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INTERNATIONAL MERGERS & ACQUISITIONS V

FINANCIAL advisers have had to respond to the much changed levels and patterns of international M&A activity to avoid going the way of the dinosaurs.

Broadly, investment bankers say their work has not diminished in volume, but that it has changed in nature since the late 1980s. There is less financial thinking behind transactions and more strategic thinking; buyers want more thorough "due diligence" investigations and they seek to consider the long-term implications of deals more carefully.

Clients are also seeking more integrated – and global – advice in the context of an M&A transaction, such as advice on financing, derivatives and balance sheet structures. The transaction range has broadened and there has been a shift away from transaction-centred relations.

The renaissance of relationship banking is one of the phenomena of the 1990s, says Mr Francois von Hurter, co-head of European M&A at the Credit Suisse First Boston group.

An added complication is the ability of the big, very experienced companies to handle much of their own M&A activity. A common complaint by advisers is: "The fastest growing competitor is No Adviser."

The main houses have evolved differently over the past 10 years, whether by integration, internationalisation or industry specialisation, and they have seen newcomers try to carve out a living in their traditional market. As UK public company takeover activity has become less important, the US and Europe have become, in strategic terms, more so.

Privatisation is another growing issue. Baring Brothers, for example, decided to develop internationally some years ago. It says that now more than 50 per cent of its business is cross-border work.

The bank's current workload helps to illustrate the changed marketplace. After advising Northern Telecom of Canada in 1990 on its purchase of STC, then a fully listed UK company, today it is advising NorTel on the sale of STC's submarine cable business to Alcatel of France.

The legwork involved in establishing



City view: Legwork in establishing contacts with a wider European client base could help explain why the top banks say that they have not had to shed corporate finance staff

Picture: Trevor Humphries

Brian Bollen notes that financial advisers must adapt – or go the way of the dinosaurs

Smaller of the species under threat

isolation; we're investing in clients, in people and in ideas."

Those with international ambitions need global facilities as well as multi-product capabilities. "If you have a substantial increase in cross-border transactions, you need an adviser with local expertise in different markets," says Mr Klaus Dietrichs, J P Morgan's co-head of European M&A.

J P Morgan, highly regarded by its rivals for the way it has translated existing corporate relationships into financial advisory mandates, says it has doubled the numbers employed in its European M&A operations over the past three years.

Others – admittedly smaller and less successful – say that there are at least 25 per cent too many people across the City in banks, legal and accounting firms, and that something has to give.

Meanwhile, the recent departure of co-founder Mr Joseph Perella from Wasserstein Perella in New York is seen in some quarters as further proof that the days may be numbered for the niche firms – the so-called boutiques which mushroomed at the height of the M&A market in the late 1980s.

While J O Hambro Magan in the UK, and Wolfensohn and Glescher & Co in the US, are acknowledged successes, few bankers see a long-term role for the smaller of the



Tom Wilson: "PW Corporate Finance has now been in business long enough to be a fair way up the corporate credibility curve"



John MacArthur: "If business is going to be smaller and different, those who set out their stall to do pure M&A could have a thin time"



Richard Agutter: "A number of merchant banks have come down into what we thought was our market place, and we have moved up a bit"

species, unless it is based on sector specialisation and relationship.

There is an argument, however, that if the niche firms did not exist, they would have to be invented in order to service smaller industrialists who have growth ambitions but are nervous in a formal City atmosphere.

Continental Europeans, too, often feel

happier turning for advice to individuals with a demonstrable pedigree, rather than to faceless organisations (some of which have an unfortunate reputation for arrogance).

Mr John MacArthur, the founder of MacArthur & Co, formerly of Kleinwort Benson and Prudential Bache, argues that the critical question is whether the niche

firms will become mini-merchant banks, developing a retained client list.

"If M&A business is going to be smaller and different, those who set out their stall to do pure M&A could have a pretty thin time," he says. "We are a full service corporate finance advisory organisation, from the generation of ideas to organisation and execution; many of the people around are

not equipped by background or training to give mainstream corporate finance advice in the UK."

Mr MacArthur's own small team, which already features Mr Nigel Christie, an old Kleinwort Benson and Warburg hand, was strengthened recently by the arrival of Mr David Hudson from Campbell Lutyens Hudson, where he was a partner.

Wasserstein Perella, for its part, is firmly optimistic about the long-term future.

"We have a 10 to 15-year plan which includes diversification efforts that have already been in process for five years," says Mr Michael Biondi, managing director. "We also believe our advisory business is solid and will continue to improve as the market improves."

The debate on whether the corporate finance arms of accounting firms can legitimately claim to be financial advisers has taken something of a new turn as M&A values have fallen. Bank attitudes range from grudging acceptance of such claims to contemptuous dismissal.

"If you widen the definition of corporate finance activity, there is a perception that the accounting firms have muscled in," says one banker. "But they have done little more than assemble traditional accounting-related activities in one department."

"We have a worldwide network second to none," argues Mr Richard Agutter, for the other side. The chairman of KPMG's international corporate finance network says his firm is again competing with merchant banks at the lower end of its target \$5m-\$50m transaction range.

Mr Agutter says: "A number of merchant banks have come down into what we thought was our market place, and we have moved up a bit; the edges have become blurred." KPMG illustrates its points by referring to its role in advising Gillette on the acquisition of Parker Pen, a deal concluded earlier this year.

The corporate finance division of Price Waterhouse exudes more aggression. Several years ago Price Waterhouse might have accepted a company's reluctance to use an accounting firm as a fully fledged

KPMG advised Gillette on the acquisition of Parker Pen, a deal concluded earlier this year

financial adviser.

"We have now been in business long enough to be a fair way up the corporate credibility curve," says Mr Tom Wilson, a senior partner at PW Corporate Finance. "We regard as our competitors not the other accounting firms but the established M&A houses who are operating at the top end of the market. The keys are good contacts with local companies on the ground, which we have."

Mr Peter Espenhahn, deputy head of corporate finance at Morgan Grenfell, agrees: "There is a market for people doing smaller transactions. Our cost structure does not allow us to do a small deal for a first time client; we are happy to see the accounting firms doing that business."

Advisers on International Mergers, Acquisitions and Corporate Finance

Financial adviser to Grupo Pão de Açúcar

GRUPO PÃO DE AÇÚCAR

Grupo Pão de Açúcar sold its Portuguese supermarket chain SUPA to a leveraged consortium comprising management and Entreponto July 1992

Financial adviser to AXA

AXA

AXA and Banco Bilbao Vizcaya have regrouped their insurance subsidiaries AXA Seguros and Aurora Polar to form AXA Aurora S.A. September 1992

Financial adviser to Royal Corporation of South Africa

Del Monte

Del Monte Foods International Limited has been acquired by Royal Foods Limited December 1992

Financial adviser to Reed International

Reed Elsevier

Merger of the businesses of Reed International P.L.C. and Elsevier NV January 1993

Financial adviser to Danisco

DANISCO

Danisco AS has sold Niro AS to GEA Aktiengesellschaft February 1993

Financial adviser to MB-Caradon

MB-Caradon plc

MB-Caradon plc has sold its investment in CammudMetalbox April 1993

Financial adviser to Scandinavian Airlines System

SAS

Scandinavian Airlines System has sold the Terminal Catering and Contract Catering businesses of SAS Service Partner AS to Compass Group PLC June 1993

Financial adviser to Santa Fe Pacific Corporation

SP

Santa Fe Pacific Gold Corporation has exchanged its coal and aggregate assets for the gold assets of Hanson Natural Resources Company June 1993

Financial adviser to Imperial Chemical Industries and Zeneca Group

ZENECA

Zeneca Group PLC has been demerged from Imperial Chemical Industries PLC June 1993

Financial adviser to Minorco

MINORCO

Minorco has disposed of its 36% interest in Charter Consolidated P.L.C. August 1993

Financial adviser to Gentra (formerly Royal Trustco Limited)

GENTRA

Under a plan of arrangement Gentra Inc. has sold its principal operating subsidiaries to Royal Bank of Canada September 1993

Financial adviser to Marriott Corporation

Marriott

Marriott Corporation is being divided into Marriott International, Inc. and Host Marriott Corporation

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INTERNATIONAL MERGERS & ACQUISITIONS VI

Anthony Robinson reviews post-communist Europe's developing private sector

Racing to catch up with the west

BAD NEWS from Yugoslavia, similar violence along the borders of southern Russia, continuing economic decline and rampant inflation in Russia, and even more so in Ukraine, are conditioning the attitudes of many investors towards the post-communist world as a whole.

But a deeper, more discriminating investigation reveals a profound economic and social transformation under way in many parts of this huge region, especially in those countries not engulfed by ethnic and other resurgent historical struggles.

As expected, the fastest and deepest changes are taking place in central Europe, although even here the full scale has been masked by official statistics pointing to steep and continuing declines in industrial production and GDP. But statistics which show that the economies of Poland, Hungary and the Czech and Slovak Republics are running at production levels 20-30 per cent below 1989, the last full year of communist control, distort reality.

What such figures do show is the extent to which the old economy of polluting heavy industry, arms factories and shoddy consumer goods has been scrapped or down-sized. They do not fully reflect the rocketing output from the local private sector, the rapid increase in the size and sophistication of service industries - from retailing and advertising to banking and property management - or the degree of re-integration into the global economy as foreign investors introduce new technology, buy and restructure privatised state enterprises or step up production from new, state-

of-the-art, carmaking, detergent, glass, chemical and other new plants on green field sites.

Central Europe - the Czech Republic, Hungary, Poland, Slovenia and Slovakia - accounts for just over 70m of the 400m people in the former Soviet Empire. Another 8m live in the three Baltic states - Estonia, Latvia and Lithuania - which are likely to achieve similar

By any standards this represents an enormous business opportunity

levels of income and economic performance by the early years of the 21st century.

All are determined to achieve west European standards of living, and to integrate as fully as possible, and as soon as possible, into a suitably enlarged EC and Nato. By any standards this represents an enormous business opportunity which multinational consumer and capital goods corporations have been among the first to spot.

To date the inflow of equity capital into the region since 1989, probably running at about \$10-15bn, is small compared to that which poured into Spain or even Portugal as Iberia entered the EC. It is dwarfed by the capital flows into a re-invigorated Latin America and South East Asia where capitalist



Eastern Europe's old economy of polluting heavy industry and shoddy goods has been scrapped or down-sized. Picture: Colin Brown

institutions and attitudes already exist to build on, and returns on capital are often both faster and higher.

But the strong possibility that Poland, which with 39m people, is the largest of the non-Soviet post-communist states, will this year achieve the highest economic growth in a generally depressed Europe has highlighted the potential for rapid and sustainable growth once the re-structured economies recover from the painful surgery of the last three years.

ABB, the Swiss-Swedish power generating and engineering group, was one of the first strategic investors to target Poland and has gone on to acquire a string of power generating and related plants throughout central Europe. Injecting management know-how and focusing on staff and worker retraining rather than capital, ABB has developed both a new low-cost source for an increasing range of components and staked out a strategic position as supplier, from a domestic base, of much needed power generating,

anti-pollution and other equipment, for which demand in the region is bound to rise sharply as economic growth gathers pace.

Ikea, the Swedish-based furniture company, is another Nordic investor well-apprised of the cost advantages involved in sourcing product from central European factories. It too has been attracted by the potential for steady and protracted growth in new markets of long-starved consumers with western tastes and a huge pent-up demand for relatively cheap and stylish con-

sumer durables.

In August, Ikea opened the biggest furniture store in central and eastern Europe just outside Warsaw and plans to invest \$55m in building other new stores by 1996. In the meantime its three Polish factories, using cheap local wood and chip-board and low cost labour, are already accounting for 20 per cent of the group's total world produc-

Poland and the Czech republic seem poised to attract most M&A interest

tion and will double this over the next three years.

It is a similar story in the automobile sector where Volkswagen's takeover and DM7bn investment plans for Skoda Automobilova in the Czech republic, and Fiat's \$20m commitment to Poland, have transformed prospects for the central European car industry alongside smaller investments by General Motors, Ford and Suzuki of Japan and smaller assembly operations by Peugeot and Citroën.

Hungary remains the main recipient of foreign investment with over \$700m flowing into the country over the first half of this year. But Poland and the Czech republic seem poised to attract the bulk of merger and acquisition interest over the next few years, as privatisation

releases more former state assets to the private sector and Poland finally reaches agreement with the commercial banks on the reduction and re-scheduling of its \$12bn commercial bank debt.

German and Austrian companies are particularly interested in acquiring assets in the Czech republic, which juts into German-speaking Europe like a wedge, and to a lesser extent in Slovakia where Bratislava, the Slovak capital, is almost a suburb of Vienna.

For Germany, the collapse of communism has meant not only re-unification, and the unexpectedly difficult process of re-absorbing the eastern provinces, but also the opening up for trade and investment of its traditional east European backyard. German companies are particularly aware of the strategic importance of acquiring enterprises in central Europe whose management have long standing personal links with enterprises throughout the former Soviet bloc.

Their eyes are on the longer term future, when Russia and Ukraine will re-emerge from the current prostration, urgently needing buses, trains, trams, power stations, motorways - everything, indeed, as cheaply and as ruggedly made as possible.

That is why two of the most interesting deals in recent months have been the link-up between AEG-Westinghouse of Germany and CKD of Prague, to build trams for both eastern and western markets; and the Skoda Pilsens tie-up with Siemens, also to make steam turbines and other equipment for the wider pan-European market now emerging.

Borrowers can now bypass bank financing, writes Tracy Corrigan

Loans replaced by bonds

CONDITIONS for financing mergers and acquisitions have rarely been so favourable. Stock markets are booming. Interest rates are at historically low levels. The availability of such financing opportunities is propitious because it coincides with a reduction in the availability of bank credit.

Highly-leveraged companies in the US - and to a lesser extent in the UK - have managed to shift the mountain of debt which was threatening to overwhelm them a few years ago. Some have even built up some cash, and these are at a distinct advantage in the M&A market.

More borrowers are now able to bypass bank financing, which had become much harder to obtain. This is partly because there are fewer hostile takeovers than in the 1980s. In an agreed bid, the need to have financing already in place is

less pressing.

At the start of this year, the new Basel capital adequacy requirements (forcing banks to set aside a proportion of their capital against their assets) came in, but the squeeze on bank capital was already tight. In recent years, banks have tightened their purse strings for acquisition-related financing after suffering a bad record on their loans to highly leveraged companies. The casualties of the economic slowdown have also scarred banks.

The highly leveraged deals which fuelled management buyouts and leveraged buyouts in the 1980s, mainly in the US, simply died away. The opposite process of de-leveraging - paying off their heavy burdens of debt and rebuilding their balance sheets - became the most obvious trend among companies.

"Bank financing has become more difficult generally, but

the sector the banks have really clamped down on is expanding conglomerates," says one banker, "particularly where there was considered to be a greater risk because the acquisition was sizeable compared with the buyer."

Sentiment against conglomerates has turned, partly because of bad experiences of highly-leveraged transactions by conglomerates in the 1980s, and also because many bankers feel that in the increasingly competitive international environment, companies should be focusing on their core businesses.

"There are only a handful of top acquisitive conglomerates

which still command credibility," a banker says.

In the US, the junk bond, or high-yield bond market, has recovered from the fall-out of the 1980s, although bank lend-

"The financing levels on debt are so attractive right now that one might expect to see a huge surge of takeover activity"

ing remains tight. The most favourable factor has been the sharp decline in US interest rates and yields in recent years.

This decline has starved US institutional investors, such as insurance companies, of paper offering high returns. As a

result, insurance companies have been hungry for higher-yielding paper which has improved access to the market for sub-investment grade companies. Many companies are

ties at a cheaper level than banks will lend," one banker says.

While Europe has never developed a high-yield bond market - and indeed, many European countries have rather small and limited corporate bond markets - a growing number of UK companies has tapped the US market, sometimes making use of the Securities and Exchange Commission's rule 144A, which allows them to issue tradeable private placements without registering. It is not yet clear whether the trend for accepting lower credits as yields fall will really catch on in Europe, though many emerging market bor-

rowers have now successfully tapped the market.

So far, European companies have been heavily dependent on the bank and syndicated loan markets, but in the course of the latest economic turn-

down they have also learnt that the banks are not necessarily their friends. As a result, many have refinanced bank debt, and may prefer to issue securities in the future.

"The financing levels on debt are so attractive right now that one might expect to see a huge surge of takeover activity, but this is somewhat mitigated by the high price of equity," says a banker. High stock prices mean that, although financing is easier for the buyer, the purchase price of the company to be acquired is correspondingly higher.

The main shift in the financing of acquisitions by issuing stock is the greater concern among the buyer's shareholders

Practice has shown that a company has to pick an acquisition which is on a sensible scale and appeals strategically to investors.

Some companies have also used share offerings made as a result of an acquisition to spread their investor base - for example, by seeking a listing in the US.

The rights issue still remains the most important means of financing M&A deals in the UK - and it is liked by UK institutions, which benefit from the system.

The role of banks in providing M&A financing remains extremely important, but banks are no longer ready to lend first and study the deal afterwards. More important: it is increasingly difficult, as the process of "disintermediation" advances, for banks to compete on cost with the bond or equity markets - which are in the middle of bull markets.

Strategic advice in France

Some recent transactions:

Warner Lambert

Acquisition of 34% of the common stock and strategic alliance with Groupe Joueinal

Galerics Lafayette

Divestiture of a 49% stake in Cofinoga to Cetelem, a subsidiary of Compagnie Bancaire

Zodiac

Acquisition of a controlling block and subsequent tender offer of substantially all the capital of Sigma Aero Seat SA

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Strategic advice in Germany

Some recent transactions:

Witco Corporation

Acquisition of the Industrial Chemicals and Natural Substances Divisions of Schering AG

Asca Brown Boveri AG

Divestiture of a 97.8% stake in ABB Metrawatt GmbH to Röchling KG

Marzotto SpA

Acquisition of 77.5% of the voting capital of Hugo Boss AG from the Leyton House Group

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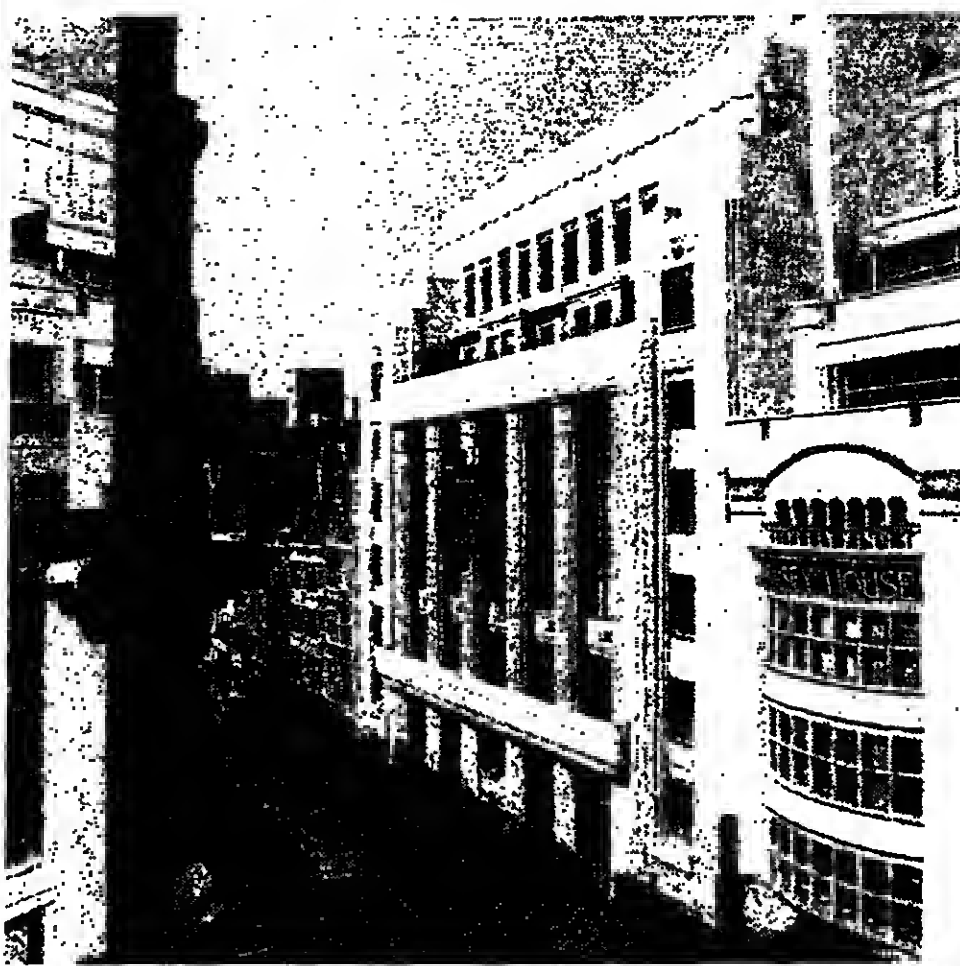
INTERNATIONAL MERGERS & ACQUISITIONS VII

As the pace quickens, John Thornhill reviews the privatisation bonanza

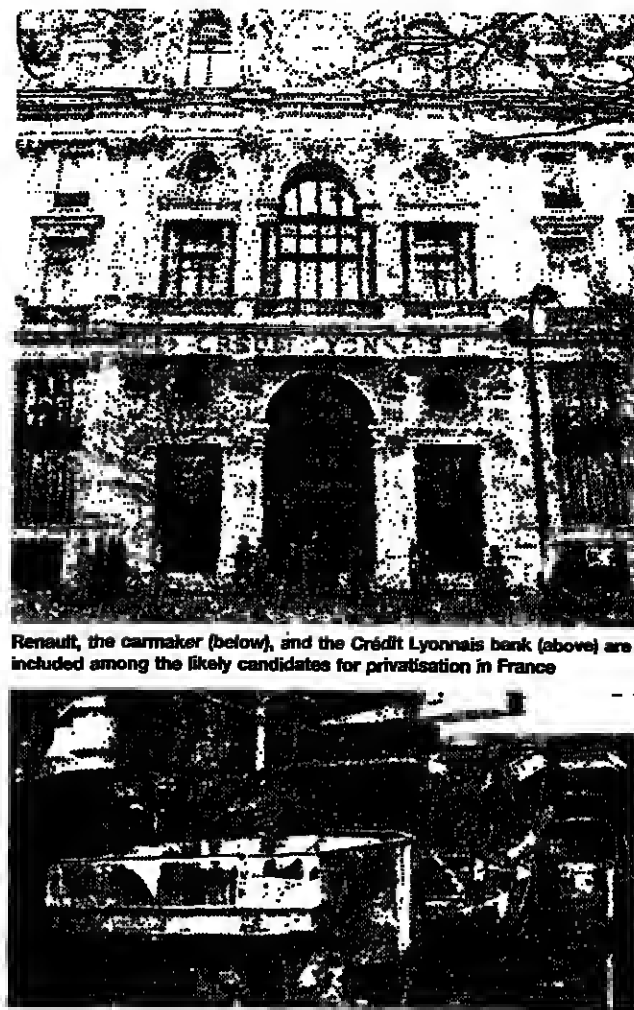
Bankers strike pot of gold



Richard Sapp, a managing director of Goldman Sachs International



Goldman Sachs's London headquarters - it was formerly the Daily Telegraph newspaper's building - in Fleet Street. The bank has been developing its presence in Europe over many years



Renault, the carmaker (below), and the Crédit Lyonnais bank (above) are included among the likely candidates for privatisation in France

MORGAN STANLEY'S ESTIMATE OF EUROPE'S PRIVATISATION CANDIDATES

Country	Company	Industry	Govt Holding % of Co.	Value (\$bn)
Italy	Credito	Banking	51.0	n/a
	Credito Italiano	Banking	57.0	877.0
	BCI	Banking	57.0	2,182.0
	Banca di Roma	Banking	85.9	2,101.0
	Banco di Napoli	Banking	13.0	570.0
	ENEL	Banking	100.0	n/a
	AGIP	Utilities	100.0	7,744.1
	SNAM	Energy/oil	100.0	5,010.9
	ENI Group	Energy/oil	100.0	1,982.2
	SME	Food	100.0	5,579.1
	INA	Insurance	98.7	1,250.4
	IRI	Steel	100.0	n/a
	STET	Telecoms	52.0	4,131.9
	Finmeccanica	Engineering	100.0	1,689.9
	Nuovo Pirelli	Insurance	75.5	395.5
Sweden	Lufthansa	Construction	58.5	571.2
	Salpa	Energy equipment	100.0	n/a
	Salpa	Energy equipment	83.4	476.3
	Lufthansa	Airport authority	100.0	286.2
	Televerket	Telecoms	100.0	2,510.0
Finland	Ostia	Banking	100.0	800.0
	Procordis	Pharmaceuticals/food	32.0	1,935.6
	NCS	Forest products	100.0	214.1
	ASSA	Forest products	100.0	341.0
	UKAS	Mining	100.0	542.4
	Calsonic	Technology	100.0	187.7
	Vattenfall	Utilities	100.0	1,075.1
	Valmet	Engineering	80.0	195.3
	Enso-Gutzeit	Forest products	51.0	506.6
	Outokumpu	Forest products	88.8	129.7
Netherlands	Korva	Non-ferrous metals	57.5	401.7
	Neste	Chemicals	100.0	186.9
	Rautavaara	Oil/chemicals	426.2	38.0
	Staal	Steel	87.0	210.0
	DSM	Chemicals	30.5	532.6
Spain	ING	Insurance	8.0	780.3
	PTT	Telecoms/post	100.0	6,478.6
	Repsol	Energy/oil	41.1	3,192.2
	ENDESA	Utilities	75.5	7,120.3
	Ence	Forest products	55.0	3,315.9
France	Telefonie	Telecoms	32.0	3,096.8
	Tabacalera	Food/tobacco	52.4	577.1
	Argenta	Banking	73.0	3,442.0
	BNP	Banking	73.0	5,058.0
	Crédit Lyonnais	Banking	54.0	2,340.0
	Crédit Local	Banking	25.5	728.7
	Thomson CSF	Technology	58.2	2,788.6
	AGF	Insurance	75.0	4,612.2
	UAP	Insurance	75.0	4,137.2
	Pechiney	Non-ferrous	75.0	1,855.0
	GAN	Insurance	79.0	2,518.5
	TOTAL	Energy/oil	5.9	472.8
	CNP	Insurance	42.5	n/a
	Elf Aquitaine	Energy/oil	50.8	6,892.9
	Rhône-Poulenc	Chemicals/pharm	43.0	2,915.3
Portugal	Renault	Automotive	80.0	5,649.0
	Unilever-Sacchar	Steel	80.0	3,479.6
	Grande Buit	Technology	68.0	n/a
	Air France	Transport	98.4	2,840.2
	France Telecom	Telecomms	100.0	21,537.0
	Saz de France	Energy/oil	100.0	5,021.6
	Edelweiss de France	Utilities	100.0	2,642.7
	Aéroports de Paris	Airport authority	100.0	787.1
	Sinclair	Technology	95.0	617.2
	Cinco	Construction	100.0	n/a
UK	TAP	Transport	100.0	n/a
	TLP	Telecomms	100.0	n/a
	Telecom Portugal	Telecomms	100.0	n/a
	Portugal	Forest products	100.0	433.7
	Soparcel	Forest products	55.0	n/a
Ireland	Banco Part. de Alentejo	Banking	25.0	330.0
	BPSM	Banking	100.0	n/a
	British Coal	Mining	100.0	n/a
	NI Electricity	Utilities	100.0	500.0
	PowerGen	Utilities	40.0	1,655.0
Norway	National Power	Utilities	40.0	2,674.3
	BT	Telecom	22.0	8,579.1
	Aer Flavia	Airport Authority	100.0	93.9
	Telecom Eireann	Telecomms	100.0	537.9
	Norsk Hydro	Energy/oil	51.0	2548.4
Austria	DnB	Banking	70.0	1520.0
	Christiania	Banking	100.0	1200.0
	OMV	Energy/oil	72.0	894.5
	Creditanstalt Bank Austria	Banking	49.5	950.0
	Bank Austria	Banking	21.7	1,032.0
Germany	Deutsche Telekom	Telecomms	100.0	22,062.5
	Lufthansa	Transport	54.7	1,106.9
	Trehand	Holding Co.	100.0	n/a
	UTE	Telecomms	100.0	1,403.8
	PPC	Utilities	100.0	n/a
Denmark	Tele Danmark	Telecomms	100.0	1,048.2
	Tele Danmark	Telecomms	100.0	n/a
	Tele Danmark	Telecomms	100.0	n/a
	Tele Danmark	Telecomms	100.0	n/a
	Tele Danmark	Telecomms	100.0	n/a

* Shareholders' Funds as at 31/12/91
 ** Shareholders' Funds as at 02/04/92
 *** Shareholders' Funds as at 31/12/90
 N/A = Not available. Note: Method used for valuing government stakes is:
 a) The percentage given as the government stake is the actual amount held directly by the government, and does not include stakes held by state banks etc.
 b) Where a stock market price exists, the government's shareholding is translated at that price.
 c) If no market price exists, shareholders' funds are taken from the balance sheet and multiplied by the percentage owned by the government.
 All amounts are in US dollars. No implication is made that these are valuations of the companies or prices at which they could or will be brought to the market. Amounts given are as an indication only.
 Source: Morgan Stanley Research

FACED with the pressures of rising budget deficits and the demands of ageing populations, governments around the world are feeling the squeeze. Many have hit on the same solution of privatising state-owned assets to plug the gaps in their nation's balance sheets. Last year, about \$70bn was raised from such sales. With enormous privatisation programmes under way in western and eastern Europe, Latin America and the far east, the pace of privatisation will only quicken.

For merchant bankers, this process represents a huge pot of gold. Not only will governments pay bankers fat fees to help prepare companies for flotation and trade sales, integrated banks will also win a slice of the action through distributing shares to overseas fund managers.

As well as the short term financial bonanza, bankers believe they may gain substantial long term benefits. Helping to privatise companies will enable banks to forge closer corporate relationships, perhaps resulting in mergers and acquisition work.

One of the biggest and most attractive privatisation programmes is being launched in France. The Balladur government is committed to transferring at least 21 companies to the private sector over the next five years. More than \$50bn of corporate assets are likely to be brought to the market, increasing the capitalisation of the Paris bourse by as much as one-fifth.

The world's leading merchant bankers are busy flaunting their wares to the French government. The bulk of the work, though, seems likely to be won by French banks.

Since the first wave of privatisation in 1986-88, French banks, such as Société Générale and Paribas, have grown in size and sophistication, building up their international distribution networks. But there may be rich pickings for foreign banks with a strong presence in the US and the far East, in particular. Prominent among them is Goldman Sachs.

Mr Sylvain Hefes, the first French partner of the US investment bank, believes Goldman Sachs can play a big role in the privatisation programme. The bank has been developing its presence in Europe over many years, advising on UK privatisations and, recently, helping to place shares in Repsol and Endesa of Spain.

In France, it has been developing a high profile presence in the mergers and acquisitions field. Last year, for example, it advised - somewhat controversially - Assurances Générales de France about its purchase of a 25 per cent stake in AMB of Germany for \$422m.

Mr Hefes believes that US fund managers will have a keen appetite for the shares of French privatisation stocks. Many of those to be privatised are well known, world class companies such as Rhône-Poulenc and Elf Aquitaine. US fund managers are relatively underweight in the French market and eager to increase their exposure to markets outside the US.

Moreover, Mr Hefes argues that Goldman Sachs is the natural partner for US companies seeking investments in France. He points out that French companies have invested four times as much in the US as their US counterparts have done in France. Over the past few years, however, Goldman has advised Emerson Electric about its \$290m acquisition of Leroy-Somer and helped the US drugs group Bristol-Myers Squibb buy a stake in UPSA.

"We have a dominant position in the world's equity market and we can also help develop partnerships, restructurings, joint ventures and strategic alliances," Mr Hefes says.

Mr Jacques Mayoux, former chairman of Société Générale who acts as an adviser to Goldman Sachs in Paris, suggests that privatisation will have wider economic implications. Increasing the role of the market in France. This is likely to produce greater industry rationalisation, leading to more focused groupings.

"Companies are going to have to think more in financial terms. They will have to consider how to pay dividends and how to present themselves to the market. After that, they may have greater flexibility to win market leading positions in different product areas, selling some assets and buying others," Mr Mayoux says.

He believes many French companies will also develop more international alliances along the lines of Renault's link-up with Volvo. This, of course, all means lucrative work for investment banks.

Yet Goldman Sachs will probably take years to establish itself fully on the French financial scene. It has just 20 staff in Paris - although more bankers work on French projects from its European headquarters in London.

Moreover, the French government is notorious in defence of national banking institutions. Given the presumed role of "Anglo-Saxon speculators" in humiliating the franc, it may prove especially snuffy about US and UK banks.

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* Source: International Financial Managers in Europe 1993

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June 1993

ALCO Standard Corporation

through its wholly-owned subsidiary

Alco Office Products (U.K.) Plc

has acquired

Erskine House Group PLC

The undersigned acted as financial advisor to Alco Standard Corporation in this transaction.

June 1993

IBM

International Business Machines Corporation

through its wholly-owned subsidiary

Compagnie IBM France

has acquired

Compagnie Générale Informatique S.A.

The undersigned acted as a co-financial advisor to IBM in this transaction.

April 1993

Kellogg's

Kellogg Company of Great Britain Limited

has sold the assets of

Cereal Packaging Limited

to

Low & Bonar PLC

The undersigned acted as financial advisor to Kellogg Company of Great Britain Limited in this transaction.

March 1993

ITN

Independent Television News Limited

has been acquired by a consortium consisting of

Carlton Communications Plc

Central Independent Television plc

LWT (Holdings) PLC

Reuters Limited

Granada Group PLC

Anglia Television Group PLC

Scottish Television plc

The undersigned acted as financial advisor to Independent Television News Limited in this transaction.

February 1993

FINMECCANICA

Finmeccanica Spa

has merged with

Alenia S.p.A.

Ansaldo S.p.A.

Elsag Bailey S.p.A.

The undersigned acted as financial advisor to Finmeccanica Spa in this transaction.

January 1993

Osram GmbH

a wholly-owned subsidiary of

Siemens AG

has acquired the

North American Lighting Business

of

GTE Corporation

The undersigned acted as financial advisor to Siemens AG in this transaction.

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FUTURES PAGER

INTERNATIONAL MERGERS & ACQUISITIONS VIII

A German investment banking life is not a happy one at present, writes David Waller

More talk than action in business

ARE there too many foreign investment bankers in Germany? One banker, who for understandable reasons wants to remain anonymous, thinks that there are.

"Germany is teeming with investment bankers beating their breasts in search of business which just isn't there," he observes. "They talk about the business out there waiting to be done, they get highly-paid jobs on the basis of the business they are going to do... but I doubt whether they really do enough to justify their overheads."

"The thing is that the investment banker here does not have the comfortable role he enjoys in the UK or the US. German companies see almost no reason for using them - and why should they?"

"It makes sense to use a foreign investment bank when you are trying to sell a company to a foreign buyer, but that is about it in terms of conventional M&A business. Nowadays it is difficult to persuade a German company to use a foreign investment bank as anything other than a broker for selling troubled subsidiaries."

Is this bleak assessment correct? Certainly, the investment banker's lot in Germany is a poor one amid Germany's worst recession since the second world war. According to statistics compiled by the German arm of Coopers & Lybrand, the accountancy firm, the number of transactions in Germany last year fell by 12 per cent to 2,559 - the lowest level for five years.

Among these there were a handful of spectacular cross-border deals, such as the complicated joint transactions which led to Crédit Lyonnais' purchase of a majority stake in the BFG Bank for a total package of an estimated DM1.5bn. The related transaction was Assurances Générales de France's acquisition of a large holding in Aachener und Münchener Beteiligungsgesellschaft (AMB), Germany's second largest insurance group.

Westdeutsche Landesbank, the state sector bank, bought Thomas Cook, the UK-based travel group (for around DM600m); Schering, the Berlin-based group sold its industrial chemicals division to Witco of the US for DM660.

The bulk of M&A transactions involved smaller, privately owned companies, as is usual for the German market for corporate control. Moreover, most of these deals were done without the help of Anglo-American-style financial advisers. German companies tend to turn to their house-bank or to tax, legal and accountancy advisers for many of the services provided by investment banks in the "Anglo-Saxon" markets.

And for those investment banks lucky

enough to have won a mandate, there comes another problem: the Coopers study found that the quality of the market had changed perceptibly. It is no longer a seller's market.

"In the light of current economic climate many of the previously active acquirers have entered a period of consolidation," the study observes. "On the seller's side the search for a suitable buyer is often a

The quality of the market has changed: "It is quite difficult to get deals done in these circumstances"

fruitless one."

"It is quite difficult to get deals done in these sort of circumstances," confirms Peter Espenhahn, deputy-head of corporate finance at Morgan Grenfell, the UK merchant bank which is a subsidiary of Deutsche Bank, Germany's highest bank, and a director of the bank's German operations. "There tends to be a large gap between the expectations of buyer and seller. Selling companies at a time of declining fortunes is always difficult."

Mr Piers von Simson, head of European

mergers and acquisitions at SG Warburg, says that his team of eight professionals working in the German-speaking countries has "got its hands full", for example, advising PowerGen of the UK on its proposed acquisition of the Mibrag lignite mines in eastern Germany.

But von Simson concedes that the "process by which German companies come to recognise that investment banks add value

Frankfurt since 1990, attracted by similar arguments to those advanced by Mr von Simson.

Goldman Sachs, the US investment bank, has made a big splash in the Frankfurt financial community: it has recently taken a second floor in the Messeturm skyscraper and has doubled its personnel in Germany to 120 over the last year alone.

Phil Murphy, one of the firm's two resident partners in Germany, says that, along with the Hong-Kong office, Frankfurt is the fastest growing office in the entire Goldman Sachs network. The firm is active in the fixed income and equity markets in Germany as well as mergers and acquisitions.

Kleinwort Benson's presence is more modest: there are just six professionals based in the Frankfurt office. But the avowed intention of the office since it opened last year shows how, with a degree of flexibility, a UK merchant bank can adapt itself to changing circumstances in the German corporate finance market.

"When we started, we expected that 90 per cent of our business would be mergers and acquisitions," says Mr Hendrik Borggreve, chief executive of Kleinwort's Ger-

man operations. "That was the game in town and everybody was doing it. But then we faced difficulties as the market started to dry up. When we started it was possible to line up 50 or so buyers for every company that came up for sale. Now almost nobody wants to buy."

The solution was to broaden the range of services offered by the new office - with a particular focus on project finance, a London speciality which had not hitherto been developed on an international basis.

Kleinwort's Frankfurt office is advising on the financing of a number of important infrastructure projects in eastern Europe. For example, it is advising Gazprom, the Russian state-owned gas company, on two such projects: a DM5bn plan to construct a pipeline to bring Russian natural gas to Germany; and a DM1.5bn proposal to build a polyethylene plant at Novy Urengoy in Siberia in conjunction with western partners. Kleinwort is also advising on the financing for the planned D-6 motorway which will link Prague with Nuremberg via Pilsen.

"After 16 months in action I am confident that we will make a profit this year," says Borggreve. "The office is ahead of budget."

Not all international investment bankers operating in Germany can make such a positive statement. Sceptics - such as the anonymous banker above - expect an early shake-out as institutions that decide the investment in time and money needed to crack the German market is too great.

Judy Dempsey examines a deal in eastern Germany's utilities sector

Power to a UK-US elbow

AFTER nearly 18 months of negotiations, an Anglo-American consortium headed by Britain's PowerGen, NRG of Massachusetts, and Morrison-Knudsen of Idaho will soon sign an important contract which will give it a foothold in eastern Germany's highly regulated utilities sector.

The consortium will buy Mitteldtschen Braunkohle AG (Mibrag), the giant brown coal fields which straddle the eastern German state of Saxony-Anhalt. These fields are expected to produce between 15m and 20m metric tons of lignite a year.

The Anglo-Americans are also buying a 44 per cent stake in a power generating plant at Schkopau, near Halle, Saxony-Anhalt's second largest city. The Schkopau plant has a capacity of 900MW. The consortium will buy the equivalent of 400MW.

Observers may well ask why the Anglo-Americans should at all be interested in acquiring notoriously dirty brown coal fields, as well as a power plant - particularly since eastern German industry has almost collapsed, with the inevitable consequence of a sharp drop in energy consumption.

The answer is that by acquiring Mibrag and Schkopau, the consortium will tap into eastern Germany's utility sector, and

will be well placed to expand eastwards, into eastern Europe and the former Soviet Union.

Reaching this stage of the negotiations was extremely difficult. From the beginning, the consortium was restricted in its activities in eastern Germany by the Stromvertrag, or Electricity Contract. This contract was signed in August 1990 between Vereinigte Energiewerke AG, or Veag, eastern Germany's major utility, and western Germany's eight main major utility companies.

Under the terms of the Stromvertrag, the latter gained a monopoly over Veag, which also controls the high voltage grid

The Anglo-American consortium bid for Mibrag in return for gaining some access to power generation

throughout eastern Germany. At the same time, the contract insisted that eastern Germany's own 15 utility companies must buy 70 per cent of its energy from Veag as a means of underwriting the massive investments which western Germany's utilities would undertake in eastern Germany. These include building, upgrading, or modernising the region's power gener-

ating blocks; by the year 2010 these will have a capacity of over 12,000MW.

The consortium tried to find a way round the Stromvertrag through the Treuhand, the agency charged with privatising and restructuring eastern German industry. Because the Anglo-Americans could not buy directly into power generation in eastern Germany (it could not - at least in the early stages - be guaranteed any access to the grid, without which it could not sell its energy), it decided to bid for Mibrag in return for gaining some access to power generation.

This suited the Treuhand. It wanted an investor which would save Mibrag, guarantee several thousand jobs and commit large investments. The consortium is expected to pay about DM700m for Mibrag. For its part, the consortium was determined to link its purchase of Mibrag with access to power generation. After long and protracted negotiations in Berlin, the Anglo-Americans are set to sign a mining contract, and to pay DM800m for its 44 per cent stake in a power generating plant.

The success of these acquisitions, however, depends on two crucial factors: the development of the east German economy; and the willingness by Veag, or any of the



Redundant ideas: the Karl Marx monument over the entrance to Leipzig university. Photo: Tony Anderson

eight west German utilities, to give the consortium greater access to power generation. After all, the interests of PowerGen and NRG do not rest with mining. They are concentrated on power generation. Initially, the consortium had wanted access to 900MW of generation in eastern Germany. It has had to settle for Schko-

pan's 400MW - for the moment.

Mibrag has guaranteed coal contracts in place already. Over the next 40 years it will supply about 10m tons of coal to Lippendorf, a large power generation plant in Saxony-Anhalt, and to nearby Schkopau, thus giving the mines a secure economic base.

Schkopan's energy will be sold to the railways, local domestic heating systems, and Buna, the large chemical plant which the Treuhand plans to privatise. However, increased profitability and turnover of both Mibrag and Schkopau will partly depend on the future development of Buna, and Leuna, an oil refinery plant partly owned by Elf Aquitaine, the French petro-chemical company.

If the Treuhand comes up with a viable plan for Buna, and if Leuna will expand, it is expected that both will require more energy. The consortium is thus well placed to meet these needs, through producing more coal at Mibrag, building an additional plant at Schkopau, or building a power generation plant near Leuna.

In addition, if the Mibrag fields can be shown to be run efficiently and profitably, there is every likelihood that the consortium will be in a strong position to sell a share to any of western Germany's eight utilities. In other words, if Mibrag was opened up to west German participation, there is every likelihood that this would increase the consortium's access to Veag and the high voltage grid which is monopolised by these eight utility companies.

The acquisition by PowerGen and NRG of Mibrag and Schkopau represents the beginning of the consortium's activities, not only in eastern Germany, but in eastern Europe as well. The battle to open up eastern Germany's utilities sector might have been long and difficult. But the prize, over the next decade, is expected to compensate - more than compensate - for those tough negotiations.

Strategic advice in Italy

Some recent transactions:

Bacardi

Acquisition of a controlling interest in General Beverage Corporation, the holding company for the Martini & Rossi group of companies

Valeo

Acquisition of 43.5% stake of the common stock of Valeo SpA from minority shareholders through a public exchange offer

Industrie Zignago

Divestiture of 100% of the common stock of A.L.A.-Approvvigionamento Latte Alimentare SpA to Cragnotti & Partners Capital Investment NV

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Strategic advice in Spain

Some recent transactions:

Cemex, S.A.

Acquisition of a majority shareholding in La Auxiliar de la Construcción, S.A. ("Sansón") and in Cía. Valenciana de Cementos Portland, S.A.

Fortis

Formation of a "bancaassurance" joint-venture with Caja de Ahorros y Pensiones de Barcelona ("La Caixa")

Praxair

Increase of its ownership in Argon, SA from 50% to 98% through public tender offer

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Stock	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	
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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (771) 873 6378 for more details.

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TIME	FROM	THRU	PRICE	PRICE	LAST	PRICE	FROM	THRU
President Mutual Life Assn. - Cont'd								
Scottish American - Cont'd								
San Alliance Gen. - Cont'd								

	Morgan Grenfell Foreign Funds	\$9.875	+0.000
	Wise Fund Korea	\$0.000	-0.000
	Lester American Fund	\$15.85	+0.000
	Morgan Grenfell Protocols Pfc		
	Japan	\$1.3524	+0.000
	European	\$1.1733	+0.000
	North America	\$4.0623	+0.000
	Gbl Mchael International Fd Mgrs Ltd (n)		
	Global Market	\$3.998	+0.000
	Asia Pacific	\$3.650	+0.000
	Latin America	\$2.025	+0.000
	Global Bond Interest	\$2.124	+0.000
	Global Euro	\$2.000	+0.000
	US Dollar Reserve	\$0.983	+0.000
	UK Govt Trust	\$1.000	+0.014
	Gbl Mchael International L3B		
	Global Market	\$39.90	+0.000

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MISED)			
Other	YTD	YTD	
Price	Change	%	%
Standard Life	157.400	0.00	0.00
10.94	-0.02	-0.18	-0.18
0.19	-0.07	-35.26	-35.26
0.12	-0.03	-25.00	-25.00
0.13	-0.03	-23.08	-23.08
0.14	-0.03	-21.43	-21.43
0.15	-0.03	-20.00	-20.00
0.16	-0.03	-18.75	-18.75
0.17	-0.03	-17.65	-17.65
0.18	-0.03	-16.67	-16.67
0.19	-0.03	-15.79	-15.79
0.20	-0.03	-15.00	-15.00
0.21	-0.03	-14.29	-14.29
0.22	-0.03	-13.64	-13.64
0.23	-0.03	-13.04	-13.04
0.24	-0.03	-12.50	-12.50
0.25	-0.03	-12.00	-12.00
0.26	-0.03	-11.54	-11.54
0.27	-0.03	-11.11	-11.11
0.28	-0.03	-10.71	-10.71
0.29	-0.03	-10.34	-10.34
0.30	-0.03	-10.00	-10.00
0.31	-0.03	-9.68	-9.68
0.32	-0.03	-9.38	-9.38
0.33	-0.03	-9.09	-9.09
0.34	-0.03	-8.82	-8.82
0.35	-0.03	-8.57	-8.57
0.36	-0.03	-8.33	-8.33
0.37	-0.03	-8.11	-8.11
0.38	-0.03	-7.90	-7.90
0.39	-0.03	-7.70	-7.70
0.40	-0.03	-7.50	-7.50
0.41	-0.03	-7.32	-7.32
0.42	-0.03	-7.14	-7.14
0.43	-0.03	-6.98	-6.98
0.44	-0.03	-6.82	-6.82
0.45	-0.03	-6.67	-6.67
0.46	-0.03	-6.52	-6.52
0.47	-0.03	-6.38	-6.38
0.48	-0.03	-6.25	-6.25
0.49	-0.03	-6.12	-6.12
0.50	-0.03	-6.00	-6.00
0.51	-0.03	-5.88	-5.88
0.52	-0.03	-5.77	-5.77
0.53	-0.03	-5.66	-5.66
0.54	-0.03	-5.56	-5.56
0.55	-0.03	-5.45	-5.45
0.56	-0.03	-5.35	-5.35
0.57	-0.03	-5.25	-5.25
0.58	-0.03	-5.15	-5.15
0.59	-0.03	-5.06	-5.06
0.60	-0.03	-4.96	-4.96
0.61	-0.03	-4.88	-4.88
0.62	-0.03	-4.79	-4.79
0.63	-0.03	-4.71	-4.71
0.64	-0.03	-4.63	-4.63
0.65	-0.03	-4.55	-4.55
0.66	-0.03	-4.47	-4.47
0.67	-0.03	-4.39	-4.39
0.68	-0.03	-4.32	-4.32
0.69	-0.03	-4.24	-4.24
0.70	-0.03	-4.17	-4.17
0.71	-0.03	-4.09	-4.09
0.72	-0.03	-4.02	-4.02
0.73	-0.03	-3.95	-3.95
0.74	-0.03	-3.88	-3.88
0.75	-0.03	-3.81	-3.81
0.76	-0.03	-3.75	-3.75
0.77	-0.03	-3.68	-3.68
0.78	-0.03	-3.62	-3.62
0.79	-0.03	-3.56	-3.56
0.80	-0.03	-3.50	-3.50
0.81	-0.03	-3.44	-3.44
0.82	-0.03	-3.38	-3.38
0.83	-0.03	-3.33	-3.33
0.84	-0.03	-3.27	-3.27
0.85	-0.03	-3.22	-3.22
0.86	-0.03	-3.17	-3.17
0.87	-0.03	-3.12	-3.12
0.88	-0.03	-3.08	-3.08
0.89	-0.03	-3.03	-3.03
0.90	-0.03	-3.00	-3.00
0.91	-0.03	-2.96	-2.96
0.92	-0.03	-2.92	-2.92
0.93	-0.03	-2.88	-2.88
0.94	-0.03	-2.84	-2.84
0.95	-0.03	-2.80	-2.80
0.96	-0.03	-2.76	-2.76
0.97	-0.03	-2.72	-2.72
0.98	-0.03	-2.68	-2.68
0.99	-0.03	-2.64	-2.64
1.00	-0.03	-2.60	-2.60
1.01	-0.03	-2.56	-2.56
1.02	-0.03	-2.52	-2.52
1.03	-0.03	-2.48	-2.48
1.04	-0.03	-2.44	-2.44
1.05	-0.03	-2.40	-2.40
1.06	-0.03	-2.36	-2.36
1.07	-0.03	-2.32	-2.32
1.08	-0.03	-2.28	-2.28
1.09	-0.03	-2.24	-2.24
1.10	-0.03	-2.20	-2.20
1.11	-0.03	-2.16	-2.16
1.12	-0.03	-2.12	-2.12
1.13	-0.03	-2.08	-2.08
1.14	-0.03	-2.04	-2.04
1.15	-0.03	-2.00	-2.00
1.16	-0.03	-1.96	-1.96
1.17	-0.03	-1.92	-1.92
1.18	-0.03	-1.88	-1.88
1.19	-0.03	-1.84	-1.84
1.20	-0.03	-1.80	-1.80
1.21	-0.03	-1.76	-1.76
1.22	-0.03	-1.72	-1.72
1.23	-0.03	-1.68	-1.68
1.24	-0.03	-1.64	-1.64
1.25	-0.03	-1.60	-1.60
1.26	-0.03	-1.56	-1.56
1.27	-0.03	-1.52	-1.52
1.28	-0.03	-1.48	-1.48
1.29	-0.03	-1.44	-1.44
1.30	-0.03	-1.40	-1.40
1.31	-0.03	-1.36	-1.36
1.32	-0.03	-1.32	-1.32
1.33	-0.03	-1.28	-1.28
1.34	-0.03	-1.24	-1.24
1.35	-0.03	-1.20	-1.20
1.36	-0.03	-1.16	-1.16
1.37	-0.03	-1.12	-1.12
1.38	-0.03	-1.08	-1.08
1.39	-0.03	-1.04	-1.04
1.40	-0.03	-1.00	-1.00
1.41	-0.03	-0.96	-0.96
1.42	-0.03	-0.92	-0.92
1.43	-0.03	-0.88	-0.88
1.44	-0.03	-0.84	-0.84
1.45	-0.03	-0.80	-0.80
1.46	-0.03	-0.76	-0.76
1.47	-0.03	-0.72	-0.72
1.48	-0.03	-0.68	-0.68
1.49	-0.03	-0.64	-0.64
1.50	-0.03	-0.60	-0.60
1.51	-0.03	-0.56	-0.56
1.52	-0.03	-0.52	-0.52
1.53	-0.03	-0.48	-0.48
1.54	-0.03	-0.44	-0.44
1.55	-0.03	-0.40	-0.40
1.56	-0.03	-0.36	-0.36
1.57	-0.03	-0.32	-0.32
1.58	-0.03	-0.28	-0.28
1.59	-0.03	-0.24	-0.24
1.60	-0.03	-0.20	-0.20
1.61	-0.03	-0.16	-0.16
1.62	-0.03	-0.12	-0.12
1.63	-0.03	-0.08	-0.08
1.64	-0.03	-0.04	-0.04
1.65	-0.03	0.00	0.00
1.66	-0.03	0.04	0.04
1.67	-0.03	0.08	0.08
1.68	-0.03	0.12	0.12
1.69	-0.03	0.16	0.16
1.70	-0.03	0.20	0.20
1.71	-0.03	0.24	0.24
1.72	-0.03	0.28	0.28
1.73	-0.03	0.32	0.32
1.74	-0.03	0.36	0.36
1.75	-0.03	0.40	0.40
1.76	-0.03	0.44	0.44
1.77	-0.03	0.48	0.48
1.78	-0.03	0.52	0.52
1.79	-0.03	0.56	0.56
1.80	-0.03	0.60	0.60
1.81	-0.03	0.64	0.64
1.82	-0.03	0.68	0.68
1.83	-0.03	0.72	0.72
1.84	-0.03	0.76	0.76
1.85	-0.03	0.80	0.80
1.86	-0.03	0.84	0.84
1.87	-0.03	0.88	0.88
1.88	-0.03	0.92	0.92
1.89	-0.03	0.96	0.96
1.90	-0.03	1.00	1.00
1.91	-0.03	1.04	1.04
1.92	-0.03	1.08	1.08
1.93	-0.03	1.12	1.12
1.94	-0.03	1.16	1.16
1.95	-0.03	1.20	1.20
1.96	-0.03	1.24	1.24
1.97	-0.03	1.28	1.28
1.98	-0.03	1.32	1.32
1.99	-0.03	1.36	1.36
2.00	-0.03	1.40	1.40
2.01	-0.03	1.44	1.44
2.02	-0.03	1.48	1.48
2.03	-0.03	1.52	1.52
2.04	-0.03	1.56	1.56
2.05	-0.03	1.60	1.60
2.06	-0.03	1.64	1.64
2.07	-0.03	1.68	1.68
2.08	-0.03	1.72	1.72
2.09	-0.03	1.76	1.76
2.10	-0.03	1.80	1.80
2.11	-0.03	1.84	1.84
2.12	-0.03	1.88	1.88
2.13	-0.03	1.92	1.92
2.14	-0.03	1.96	1.96
2.15	-0.03	2.00	2.00
2.16	-0.03	2.04	2.04
2.17	-0.03	2.08	2.08
2.18	-0.03	2.12	2.12
2.19	-0.03	2.16	2.16
2.20	-0.03	2.20	2.20
2.21	-0.03	2.24	2.24
2.22	-0.03	2.28	2.28
2.23	-0.03	2.32	2.32
2.24	-0.03	2.36	2.36
2.25	-0.03	2.40	2.40
2.26	-0.03	2.44	2.44
2.27	-0.03	2.48	2.48
2.28	-0.03	2.52	2.52
2.29	-0.03	2.56	2.56
2.30	-0.03	2.60	2.60
2.31	-0.03	2.64	2.64
2.32	-0.03	2.68	2.68
2.33	-0.03	2.72	2.72
2.34	-0.03	2.76	2.76
2.35	-0.03	2.80	2.80
2.36	-0.03	2.84	2.84
2.37	-0.03	2.88	2.88
2.38	-0.03	2.92	2.92
2.39	-0.03	2.96	2.96
2.40	-0.03	3.00	3.00
2.41	-0.03	3.04	3.04
2.42	-0.03	3.08	3.08
2.43	-0.03	3.12	3.12
2.44	-0.03	3.16	3.16
2.45	-0.03	3.20	3.20
2.46	-0.03	3.24	3.24
2.47	-0.03	3.28	3.28
2.48	-0.03	3.32	3.32
2.49	-0.03	3.36	3.36
2.50	-0.03	3.40	3.40
2.51	-0.03	3.44	3.44
2.52	-0.03	3.48	3.48
2.53	-0.03	3.52	3.52
2.54	-0.03	3.56	3.56
2.55	-0.03	3.60	3.60
2.56	-0.03	3.64	3.64
2.57	-0.03	3.68	3.68
2.58	-0.03	3.72	3.72
2.59	-0.03	3.76	3.76
2.60	-0.03	3.80	3.80
2.61	-0.03	3.84	3.84
2.62	-0.03	3.88	3.88
2.63	-0.03	3.92	3.92
2.64	-0.03	3.96	3.96
2.65	-0.03	4.00	4.00
2.66	-0.03	4.04	4.04
2.67	-0.03	4.08	4.08
2.68	-0.03	4.12	4.12
2.69	-0.03	4.16	4.16
2.70	-0.03	4.20	4.20
2.71	-0.03	4.24	4.24
2.72	-0.03	4.28	4.28
2.73	-0.03	4.32	4.32
2.74	-0.03	4.36	4.36
2.75	-0.03	4.40	4.40
2.76	-0.03	4.44	4.44
2.77	-0.03	4.48	4.48
2.78	-0.03	4.52	4.52
2.79	-0.03	4.56	4.56
2.80	-0.03	4.60	4.60
2.81	-0.03	4.64	4.64
2.82	-0.03	4.68	4.68
2.83	-0.03	4.72	4.72
2.84	-0.03	4.76	4.76
2.85	-0.03	4.80	4.80
2.86	-0.03	4.84	4.84
2.87	-0.03	4.88	4.88
2.88	-0.03	4.92	4.92
2.89	-0.03	4.96	4.96
2.90	-0.03	5.00	5.00
2.91	-0.03	5.04	5.04
2.92	-0.03	5.08	5.08
2.93	-0.03	5.12	5.12
2.94	-0.03	5.16	5.16
2.95	-0.03	5.20	5.20
2.96	-0.03	5.24	5.24
2.97	-0.03	5.28	5.28
2.98	-0.03	5.32	5.32
2.99	-0.03	5.36	5.36
3.00	-0.03	5.40	5.40
3.01	-0.03	5.44	5.44
3.02	-0.03	5.48	5.48
3.03	-0.03	5.52	5.52
3.04	-0.03	5.56	5.56
3.05	-0.03	5.60	5.60
3.06	-0.03	5.64	5.64
3.07	-0.03	5.68	5.68
3.08	-0.03	5.72	5.72
3.09	-0.03	5.76	5.76
3.10	-0.03	5.80	5.80
3.11	-0.03	5.84	5.84
3.12	-0.03	5.88	5.88
3.13	-0.03	5.92	5.92
3.14	-0.03	5.96	5.96
3.15	-0.03	6.00	6

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-2.85	Arbitrage Managed	5	151.181	1181.3	2.649	
-0.46	European Divd	3	163.106	1.468	2.027	
-0.46	Investing Intl	2	163.106	1.468	2.027	
-0.89						
	CMJ Fund Managers (off)					0024 628898
	Clinical Medical Hse, Douglas, Ind					
	High Income	6	51.535	5.619	4.502	7.948
	Investing Intl	1	51.535	5.619	4.502	7.948
	Intl Debt Portfolio Fund					
	USA	5	5.236	1.234	4.238	
	Japan	5	0.2670	1.4529	2.492	
	Gerstman Fund Managers (off)					0124 627610
	Intl Divd, Douglas Ind					
	Intl Grth	5%	654.8	654.8	7125.1	12.1
	Leopold Joseph Fund Mgrs (off) Ltd					0024 881020
	Intl Strt SZ Asset Cl, Douglas Ind					

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-1.33	Am Century	57	-10.50	
-1.35	Am Genl	57	-10.50	
-1.37	US Dollar Mkt	57	-10.50	
-1.39	US Dollar Mkt	57	-12.257	
-1.41	US Dollar Mkt	57	-10.422	
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-1.45	US Dollar Mkt	57	-10.422	
-1.47	US Dollar Mkt	57	-10.422	
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-1.71	US Dollar Mkt	57	-10.422	
-1.73	US Dollar Mkt	57	-10.422	
-1.75	US Dollar Mkt	57	-10.422	
-1.77	US Dollar Mkt	57	-10.422	
-1.79	US Dollar Mkt	57	-10.422	
-1.81	US Dollar Mkt	57	-10.422	
-1.83	US Dollar Mkt	57	-10.422	
-1.85	US Dollar Mkt	57	-10.422	
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-1.91	US Dollar Mkt	57	-10.422	
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-2.03	US Dollar Mkt	57	-10.422	
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-6.91	US Dollar Mkt	57	-10.422	
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-6.95	US Dollar Mkt	57		

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Northern Fund Mgrs Ltd		0007 0058		MAGS	
2.30		1.70		1.80	
5.78		0.00		0.00	
0.00		0.00		0.00	
Capitol Series Fund Ltd (6)					
American Pnd		CS	2.1000	-0.00	-
0.00	0.00	CS	1.1210	-0.00	-
0.00	0.00	CS	2.1483	-0.00	-
0.00	0.00	CS	2.0000	-0.02	1.28
0.00	0.00	CS	2.0000	-0.00	0.00
7.53	0.00	CS	3.810	-0.00	-
1.52	0.00	CS	0.5450	-0.00	-
0.00	0.00	CS	1.4321	-7.0	2.00
0.00	0.00	CS	0.0000	-0.00	-
0.00	0.00	CS	2.2170	-0.00	-
0.00	0.00	CS	0.0000	-0.00	-
0.00	0.00	CS	0.0000	-0.00	-
0.00	0.00	CS	1.2450	-0.00	-
0.00	0.00	CS	1.0000	-0.00	7.00
0.00	0.00	CS	0.0000	-0.00	-

	Shelling Deposit Fd	\$	1,911.10	\$	3,821.20
	Shelling Fmns Dep Fd	\$	1,000.00	\$	2,000.00
	Shelling Fmns Dep Fd	FF	10.44	\$	4,889.77
	Shel Deposit Fd	\$	5,197.70	\$	10,395.40
0.00	Ym Deposit Fd	\$	1,150.00	\$	2,300.00
Lim	Asm Deposit Fd	Y	265.23	\$	530.46
	US Outer Shelf	As	1,810	\$	3,620
	Ym Shelf	Y	1,077	\$	2,154
	US Outer Global Cntr	Y	822.7	\$	1,645.4
	Shelling Global Cntr	As	0.9824	\$	1.96
	Shelling Global Cntr	Y	1.100	\$	2.2

	Bid Price	Offer Price	+ or -	Y G
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[illegible]

	Est. Change	Cons. Price	Std. Price	Offer Price
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[illegible][illegible]

European Equity	5	174.12	14,172	15.28	
UK Int'l	3	111.63	11,832	9.72	
Int'l Equity	5	120.29	20,228	21.26	
International Bond	5	107.92	5,978	5.97	
Australian Bond	5	53.193	11,913	21.78	
European Bond	5	127.169	1,198	1.93	
Standing Cash Inc.	0	12.651	9,901	2,992	
Old Fund Managers (Old)					0.524 62,600
High Income	6	121.518	0.519	0.524	-62,600
Standing Roll Up	6	1.0056	1,854	-4,629	
Old Fund Portfolio Fund					
UK	5	122.48	3,124	3.12	
Japan	5	120.70	1,482	1.48	
Japan	5	127.234	3,929	4.93	
German Fund Managers (Golf)					0.524 62,610
PQ Box 32, Douglas, Isle					

	Mid Price	Offer Price	+ or -	Yield Gross
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Baymark Outlets & Warehouse	10.20	0.45	---	0.00
Redmond Outlets & Warehouse	0.39	0.78	---	0.00
Seachrome Reserve Outlets	102.94	102.94	---	0.00
Ducasse Laminie Inv. Mgt. Ltd				
DL Covering	140.2	147.3	---	3.8
DL International	17.41	1.48	---	1.9
Generous Fund Managers (Jain)				
Int. Inc."	18.9	20.1	-0.1	7.0
*Projected View				
John Corvett Management (S&B) Ltd				
John Corvett Corp NW Sp 10	\$13.20	---	---	---
Paragon Film Print Sp 10	\$13.20	---	---	---
Paragon Sign Prod Sp 10	\$11.82	---	---	---
SE Asian Wtr NW Sp 10	\$14.75	---	---	---
Winn Horseshoe Sp 10	\$77.47	---	---	---
SE Asian Wtr NW Sp 10	\$11.82	---	---	---

DATE: 11/11/11

[illegible]

	Old Price	New Price	% Off
1000	1000	1000	0%
2000	2000	2000	0%
3000	3000	3000	0%
4000	4000	4000	0%
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8000	8000	8000	0%
9000	9000	9000	0%
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85000	85000	85000	0%
86000	86000	86000	0%
87000	87000	8700	

Capital Issues International Growth Funds Ltd		0024 740895	
Equities			
UK	£11,500	1,500	1,812
North America	£17,767	1,802	1,812
Japan	£1,882	1,586	2,100
Europe (excl. UK)	£1,200	1,586	1,812
Global Europe	£1,200	1,586	1,812
Global	£1,200	1,586	1,812
Fixed Income			
UK	£1,200	1,586	1,812
North America	£1,200	1,586	1,812
Europe (excl. UK)	£1,200	1,586	1,812
Global	£1,200	1,586	1,812
Money Market			
UK	£1,200	1,586	1,812
North America	£1,200	1,586	1,812
Europe (excl. UK)	£1,200	1,586	1,812
Global	£1,200	1,586	1,812
Commodities			
UK	£1,200	1,586	1,812
North America	£1,200	1,586	1,812
Europe (excl. UK)	£1,200	1,586	1,812
Global	£1,200	1,586	1,812
Real Estate			
UK	£1,200	1,586	1,812
North America	£1,200	1,586	1,812
Europe (excl. UK)	£1,200	1,586	1,812
Global	£1,200	1,586	1,812
Specialist			
UK	£1,200	1,586	1,812
North America	£1,200	1,586	1,812
Europe (excl. UK)	£1,200	1,586	1,812
Global	£1,200	1,586	1,812
Other			
UK	£1,200	1,586	1,812
North America	£1,200	1,586	1,812
Europe (excl. UK)	£1,200	1,586	1,812
Global	£1,200	1,586	1,812
Total	£115,000	12,000	12,000

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(*)

[illegible]

CANADA (SUB RECOGNISED)

[illegible]

GUERNSEY (SAB RETURNED)

[illegible]

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Continued on next page

Year	Size	High	Low	Last	Change
1977	4	6 $\frac{1}{2}$	6 $\frac{3}{8}$	6 $\frac{1}{8}$	- $\frac{1}{4}$

1	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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1410	1418	1426	1434	1442	1450	1458	1466	1474	1482	1490	1498	1506	1514	1522	1530	1538	1546	1554	1562	1570	1578	1586	1594	1602	1610	1618	1626	1634	1642	1650	1658	1666	1674	1682	1690	1698	1706	1714	1722	1730	1738	1746	1754	1762	1770	1778	1786	1794	1802
1810	1818	1826	1834	1842	1850	1858	1866	1874	1882	1890	1898	1906	1914	1922	1930	1938	1946	1954	1962	1970	1978	1986	1994	2002	2010	2018	2026	2034	2042	2050	2058	2066	2074	2082	2090	2098	2106	2114	2122	2130	2138	2146	2154	2162	2170	2178	2186	2194	2202
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2610	2618	2626	2634	2642	2650	2658	2666	2674	2682	2690	2698	2706	2714	2722	2730	2738	2746	2754	2762	2770	2778	2786	2794	2802	2810	2818	2826	2834	2842	2850	2858	2866	2874	2882	2890	2898	2906	2914	2922	2930	2938	2946	2954	2962	2970	2978	2986	2994	3002
3010	3018	3026	3034	3042	3050	3058	3066	3074	3082	3090	3098	3106	3114	3122	3130	3138	3146	3154	3162	3170	3178	3186	3194	3202	3210	3218	3226	3234	3242	3250	3258	3266	3274	3282	3290	3298	3306	3314	3322	3330	3338	3346	3354	3362	3370	3378	3386	3394	3402
3410	3418	3426	3434	3442	3450	3458	3466	3474	3482	3490	3498	3506	3514	3522	3530	3538	3546	3554	3562	3570	3578	3586	3594	3602	3610	3618	3626	3634	3642	3650	3658	3666	3674	3682	3690	3698	3706	3714	3722	3730	3738	3746	3754	3762	3770	3778	3786	3794	3802
3810	3818	3826	3834	3842	3850	3858	3866	3874	3882	3890	3898	3906	3914	3922	3930	3938	3946	3954	3962	3970	3978	3986	3994	4002	4010	4018	4026	4034	4042	4050	4058	4066	4074	4082	4090	4098	4106	4114	4122	4130	4138	4146	4154	4162	4170	4178	4186	4194	4202
4210	4218	4226	4234	4242	4250	4258	4266	4274	4282	429																																							

$$\begin{array}{ccccc} 25 & 5\frac{1}{2} & 45\frac{1}{2} & 5\frac{1}{2} & 1\frac{1}{2} \\ 5 & 43 & 41\frac{1}{2} & 42\frac{1}{2} & +1\frac{1}{2} \end{array}$$

AMERICA

Economic news checks Daimler slips ahead of interim results rally by US stocks

Wall Street

US stock markets failed to build on Wednesday's late rally yesterday morning, as share prices edged lower across the board in subdued trading, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was down 8.95 at 3,624.70. The more broadly based Standard & Poor's 500 was 2.25 lower at 459.35, while the Amex composite was down 0.24 at 453.50, and the Nasdaq composite down 0.73 at 738.82. Trading volume on the NYSE was 128m shares by 1 pm.

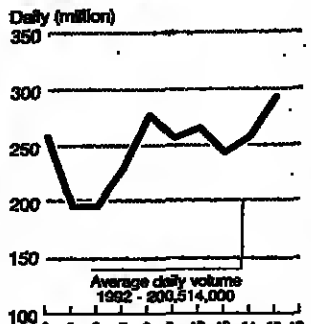
Share prices rebounded strongly on Wednesday afternoon as buyers moved into the market in the wake of heavy losses. However, there was no follow through from that late rally yesterday, and prices dropped from the opening. Sentiment was not helped by the day's economic news. Industrial production rose only 0.2 per cent in August, weekly jobless claims rose by 2,000, and the July trade deficit narrowed slightly as both export and import sales weakened.

The data painted a picture of an economy still struggling to achieve anything more than very modest rates of growth. Stocks were not helped by the

bond market, which posted fresh declines after an upbeat opening. Analysts said that investors continue to believe that the correction in both stock and bond markets is far from complete.

Among individual sectors, gold stocks were one of the few bright spots, thanks to a

NYSE volume



rebound in gold prices. Newmont Mining rose 1% to \$46, Newmont Gold put on \$% at \$40% and Battle Mountain Gold added \$% at \$7%. Placer Dome, meanwhile, rose 1% to \$18% in volume of 1.3m shares after the company estimated that 4.8m ounces of gold may lie within its 70 per cent-owned Venezuelan property.

Drug stocks were weaker as

a group, with Schering-Plough down 4% at \$62%, Merck off 3% at \$31%, Pfizer 3% lower at \$60% and Bristol Myers-Squibb down 3% at \$57%.

Shares in Wang Laboratories, the computer group currently in Chapter 11 bankruptcy, dropped 3% to \$% in heavy trading on reports that under its soon-to-be-announced financial restructuring the company's stock will be cancelled and replaced with warrants that give the shares a value close to zero.

Showboat jumped 3% to \$19 after brokerage house Oppenheimer initiated coverage of the stock with a buy rating, and forecasting strong earnings for the next two years.

Sealed Air Replacement climbed 1% to \$17% on the news that it is being acquired by Federal Mogul for \$150m in cash and bank debt.

Canada

TORONTO remained buoyant in active midday dealings with renewed strength in gold issues spurred by rebounding precious metals prices.

The TSE 300 rose 19.26 to 3,987.15 at noon in turnover of C\$376.9m. Advancing issues outpaced decliners 344 to 244, with 264 stocks unchanged. The gold and silver index gained 318.40 to 8,330.05.

EUROPE

TECHNICAL trading dominated activity yesterday, writes Our Markets Staff.

FRANKFURT was moderately lower ahead of today's options expiry and the DAX index slipped 4.72 to 1,855.87. Turnover was estimated at DM5.8bn.

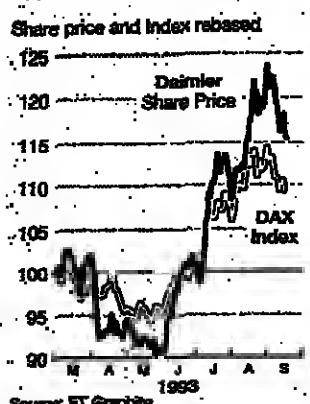
Daimler, which is scheduled to release interim figures this morning, fell DM6.90 to DM702.50 in expectation of weak data.

However, Bank Julius Bär, in a recent note on the car sector, commented that because of restructuring measures, which will lead to "sharply rising earnings in 1994, we see the greatest turnaround potential for VW and Daimler". Volkswagen was off DM1.50 at DM349.

Viag went against the trend with a rise of DM5 to DM435.00 after announcing the terms of its forthcoming capital increase.

AMSTERDAM, also affected by options expiry today, was slightly stronger as shares recovered some of Wednesday's losses. The CBS Tendency index advanced 1.2 or 1 per cent to 123.6.

Ahold recorded a gain of FL1.60 to FL18.60 after announcing



Details of a share split ahead of its proposed listing in New York.

PARIS settled back slightly, the CAC-40 index off just 2.87 at 2,075.64 in turnover of FF3.8bn.

Chargers came off FF16 to FF11.35 following the release of its interim figures after the close of trading on Wednesday which disappointed analysts.

James Capel yesterday downgraded Thomson-CSF to a sell on the worsening outlook for the Credit Lyonnais, in which Thomson has a 22 per cent stake. Capel's forecast that

FT-SE Actuaries Share Indices

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Actuaries 100	129.09	129.09	129.09	129.09	129.09	129.09	129.09	129.09
FT-SE Actuaries 200	132.21	132.21	132.21	132.21	132.21	132.21	132.21	132.21

Source: FT Graphix

Thomson will cut its dividend for the second year in a row, suffer as a result of losses at Credit Lyonnais and see 1993 earnings possibly fall "to a lower level than in any year since 1984". Thomson was unchanged yesterday at FF165 while the bank's CI's lost FF12 to FF68.

MILAN saw one of its recent fears come true as Italmobiliare, the industrial holding company, announced that it was launching a three-pronged capital increase involving a three-for-10 stock offer, plus warrants and convertible bonds.

Worries about an impending rush of rights issues have overhung the market and the Comit index responded to yesterday's unexpected announcement with a 14.99 or 2.4 per cent fall to 596.15.

Italmobiliare shed L1,943 or 4.3 per cent to L41,300, while Fiat was L192 or 3.4 per cent lower at L5,981 as recent worries were rekindled that it might also be planning an issue, speculation that it has denied.

Ms Deborah Rees of Smith New Court said there was concern that the market would not be able to digest a rash of issues if companies were prompted to launch capital raising exercises ahead of the government's privatisation programme. She added that some estimates forecast that the government aimed to raise up to L38,000bn from privatisations in 1994, which compared with L4,000bn of Italian equities currently held in Italian mutual funds.

Ferruzzi again traded limit down, losing L32.50 or 10 per cent to L294.20 in the wake of Wednesday's statement from Consob defending its decision not to suspend trading in the shares.

ZURICH shadowed the dollar and initially easier prices firmed as the US currency rose, leaving the SMI index to close 12.6 higher at 2,374.4.

Nestlé, which traded as low as SF1,039 in early business, finished SF1,171 ahead at SF1,168, while UBS bearers added SF120 to SF1,153.

STOCKHOLM saw a late rally lift some prices, with Ericsson B shares adding SEK5 to SEK40. The Affarsvården general index fell 6.1 to 1,294.6 in turnover of SKR1.4bn.

Volvo B retreated further, off SEK5 to SEK417.

ISTANBUL finished at a second straight record high in active trading, mostly focused on blue chips and banking shares. The composite index rose 200.5 or 1.45 per cent to 14,026.8 for a gain on the week of 8.32 per cent.

Rising demand for Ereğli, the steel group, helped the market ahead and the share rose TL300 or 9.6 per cent to TL3,400.

ASIA PACIFIC

Pessimism over economic package depresses Nikkei

Tokyo

PESSIMISM over the effects of the government's economic emergency package depressed sentiment, and the Nikkei average lost 2.1 per cent on profit-taking and arbitrage unwinding, writes Emilio Terazono in Tokyo.

The 225-issue average fell 445.64 to 20,502.15 as investors sold ahead of the economic package's release after the market closed.

The Nikkei opened at the day's high of 20,938.69 but weakened as doubts over the package mounted. The index dropped to the day's low of 20,501.95 just before the close.

Volume totalled 261.2m shares, against 305m on Wednesday. Declines overwhelmed advances by 867 to 173, with 137 issues unchanged. The Topix index of all first section stocks retreated 23.24 to 1,657.09. In London the ISE/Nikkei 50 index eased 0.33 to 1,268.82.

Investors focused on gloomy news regarding the economy, and were discouraged by the annualised 2 per cent negative growth of GNP during the April-June quarter, announced on Tuesday.

Speculation that the emergency package lacked measures which would have an immediate effect on the economy also disappointed market participants.

Meanwhile, some institutional investors liquidated their portfolios to boost profits ahead of the September book closing, while the fall in stocks prompted margin liquidation by individuals.

Profit-taking hit steel. Nippon Steel, the most active issue

of the day, fell ¥10 to ¥336 and NIKK lost ¥3 to ¥282.

Banks were lower on index-linked selling. Industrial Bank of Japan weakened ¥30 to ¥3,460, Sumitomo Bank ¥60 to ¥2,270 and Mitsubishi Trust and Banking ¥30 to ¥1,460.

Nippon Telegraph and Telephone, which had been higher on hopes about government investment in telecommunication infrastructure, shed ¥15,000 to ¥991,000. The stock fell below the ¥900,000 level for the first time since July 28, as the likelihood that the plan would be included in the package diminished.

Electric power companies lost ground in spite of the higher yen. The emergency package is expected to include measures to pass on the benefits of the high yen to consumers through a reduction of electricity and gas prices. Tokyo Electric Power slipped ¥60 to ¥3,420 and Kansai Electric Power ¥50 to ¥2,550.

Shochiku, the movie production and distribution company, was one of the few bright spots of the day, rising ¥20 to ¥1,290 on reports that it would team up with Sega Enterprises, the video game company, to develop new multimedia software.

In Osaka, the OSE average receded 248.03 to 22,715.91 in volume of 80.6m shares.

Roundup

THE LARGER markets on the Pacific Rim weakened yesterday.

HONG KONG fell sharply on disappointment over the latest round of Sino-British talks.

The Hang Seng index dropped 70.56 to 7,118.11, finishing just 10 points above

the day's low. Turnover was HK\$2.9bn.

Among blue chips, HSBC declined HK\$1 to HK\$81. Hutchison Whampoa lost 30 cents to HK\$23.10 and Jardine Matheson shed HK\$1.50 to HK\$62. Brokers said property issues were hit hard on the uncertain outlook for real estate. Cheung Kong fell 30 cents to HK\$27, HK Land dipped 30 cents to HK\$17.10 and Sun Hung Kai Properties was down 25 cents at HK\$33.25.

SEOUL declined for the third consecutive session in a day of lacklustre trading and the composite stock index finished 5.05 down at 698.39 in turnover of Won205.2bn.

TAIWAN continued to fall back but closed off its intraday low. The weighted index, which had dropped more than 40 points at one stage, closed a net 17.09 off at 3,765.01, its lowest finish since February 11. Turnover was T\$11.3bn.

MANILA advanced on heavy buying of blue chips and secondary issues and renewed interest in mines. The composite index rose 23.57 to 1,975.73. Turnover shrank to 593.8m pesos from Wednesday's 1.4bn pesos. Rises outpaced falls by 84 to 22.

AUSTRALIA remained weak, but with attention concentrated on Amcor, up 95 cents, or 4 per cent, at A\$3.24, following its announcement on Monday that it is to buy the paper manufacturing and distribution assets of North Broken Hill Peko for A\$415m.

The All Ordinaries index closed 1.0 lower on balance at 1,902.6, after opening 6.8 up. Turnover amounted to A\$373.3m as the golds index jumped 52.4 to 1,766.3 after bullion prices improved.

European turnover continues to advance

The holiday season failed to dampen enthusiasm in August, says Michael Morgan

European bourses saw turnover rise for the third successive month in August, although the pace of increase slowed as the holiday season got under way, after the strong advances of the previous two months.

Volume rose by 5 per cent from July levels after the month-on-month increases of 20.8 per cent in July and 20.3 per cent in June.

Mr James Cornish of NatWest Securities, which produces the turnover figures, notes that the rise in August accompanied a 6.3 per cent advance in the FT-A Europe index during the month, with only share market indices for Belgium showing a decline.

"The biggest gainers in turnover were the markets with the steepest growth in the local index, propelled by hopes of an accelerating fall in interest rates following the EMS crisis at the beginning of the month," he says.

However, he notes that turnover on Seaq International, the London screen-based trading system, increased by only 2.7 per cent on the month for the seven continental European markets, indicating relatively greater interest by domestic investors in trading in their local markets.

Italy made the biggest gain in August, with turnover up by 32.8 per cent to a record level, in spite of the unravelling political scandal. This represented a 64.9 per cent increase over the average for the previous three months for a market which saw a 12.1 per cent rise in local market stock indices over the month.

Mr Michele Pacitti of NatWest Securities notes that daily trading turnover had topped L600bn throughout much of the month, compared with last year's unusually low level of less than L100bn, when the country was beset by worries about a burgeoning budget deficit.

This year, there had been a marked improvement in foreign demand as the economic outlook had improved on the back of interest rates that had fallen from 15 per cent to 8% per cent.

The government's privatisation programme had also provoked much interest, since it was an indication of the administration's determination to tackle its budget deficit difficulties, and it also showed that the country was serious about tackling inefficiency and low productivity in industry.

Continuing expectations of lower rates also underpinned France, where turnover climbed by 17.1 per cent on the month as the local market index advanced 7.3 per cent to an historic high. The rise on the month took volume 23.5 per cent higher than the average of the previous three months.

UK turnover expanded by 10.7 per cent to a level not seen since October 1987, the month in which the Black Monday market crash occurred. German turnover fell by 2.3 per cent after its 43.2 per cent rise in July, while Swiss turnover was down 8.9 per cent on the month as the market continued to underperform Europe.

EUROPEAN EQUITIES TURNOVER

Source	May 1993	Jun 1993	Jul 1993	Aug 1993	US \$bn
Belgium	40.98	50.85	59.86	64.52	1.80
France	122.36	154.32	161.16	175.99	30.20
Germany	104.40	131.80	158.75	164.40	109.96
Italy	19,665.6	30,864.8	35,697.2	47,394	29.59
Netherlands	15.70	16.90	21.60	23.60	12.52
Spain	1,116.74	844.84	806.04	859.84	7.12
Switzerland	16.70	24.80	26.90	24.50	16.55
UK	40.82	41.86	45.98	50.90	75.69

Figures represent purchases and sales. Italian data adjusted to include off-market trading. Some figures may be revised. Source: NatWest Securities

Spain saw the second largest increase in turnover, up 19.1 per cent from July and 4 per cent above the average of the previous three months. But turnover was well below the

record level set in May. The market index, meanwhile, rose 12.3 per cent to an all-time peak, activity spurred by recurring hopes throughout the month for lower interest rates.

VIEWPOINT

The Commerzbank report on German business and finance

A second chance for "Fortress Europe"?

"The regions with the greatest growth potential lie outside the EC"

The launch of the EC's Single Market at the start of this year represented a milestone in the economic integration of Western Europe. In the meantime, however, the strains created by both German unification and recession in Europe have confronted the Community with a serious dilemma. In view of structural weaknesses which impair competitiveness and a steady rise in unemployment, protectionist sentiment is gaining ground again.

Examples of this abound: they include the EC's new restrictions on imports of "dollar bananas", its conflict with the U.S. on public procurement (especially in telecommunications), the dispute over the Japanese car exporters' "voluntary restraint" agreement and the controversial ban on meat imports from Eastern Europe. Even though, as a recent GATT study showed, improved market transparency and a more uniform legal framework have made access to the EC market easier for third countries, fears of a "Fortress Europe" mentality are growing.

No clear-cut strategy

The EC's harmful Common Agricultural Policy and its anti-dumping measures - some 160 of which were in force at end-1992 - remain bones of contention with its external trading partners. The chemical, engineering and textile industries in particular have successfully protested to the EC Commission against "unfair" competition. As a result, temporary anti-dumping duties have been imposed. At the same time, as part of its system of general tariff preferences, the EC can set certain

quotas and ceilings for imports from developing countries of what it considers sensitive goods - a category which is stretched to the very limit.

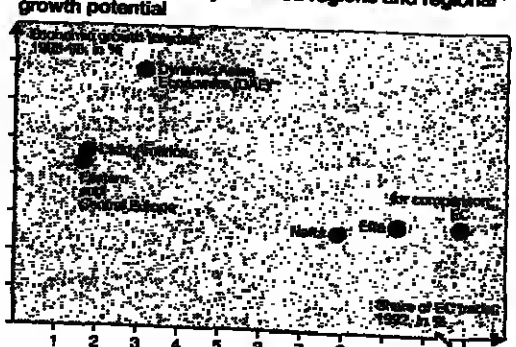
This underlines the fundamental weakness of the Community's largely "ad hoc" trade policy, which, lacking a clear-cut strategy, can easily be made to serve the wrong ends.

The EC Commission places the interests of individual member countries on a par with those of the Community as a whole, leaving the EC's taxpayers and consumers to pick up the bill in the form of higher prices and subsidies. What is more, many of the supposedly temporary trade restrictions have proved to be permanent. Consequently, plans by the EC Commission to increase its powers in this area are vigorously opposed by those EC members who take a more market-oriented approach to economic policy. In addition, calls to uphold "fair trade" by retaliating against the unilateral measures adopted by the U.S. cannot be reconciled with the principle - ostensibly espoused by the EC - of a global free-trade regime. Nor are they in the best interests of the Community itself.

Unlike the members of Nafta and its Asia-Pacific counterparts, the EC countries already have a highly integrated common market, with stronger trade in services likely to provide the main impetus for growth. The entry of the four Efta applicants will not generate any marked expansion in trade, as their economies are already closely linked with those of the EC.

Thus, if its members wish to boost their exports significantly, they will have to look beyond the EC's borders. Indeed, the regions with the greatest growth potential lie outside the EC. For this reason, the European Community would

be well-advised to abandon its current tariff system based on preferential market access. It should pursue a multi-lateral approach and do all that it can to bring the Uruguay Round to a successful conclusion. The countries of Central and Eastern Europe in particular urgently need a radical opening-up of the EC's markets.



* based on IMF and own estimates. * Korea, Taiwan, Hong Kong, Singapore, Thailand, Malaysia

COMMERZBANK
German know-how in global finance

VIEWPOINT is presented as a service to the international business and financial community by Commerzbank Research Department, P.O. Box 10055, D-6000 Frankfurt am Main, Germany. International presence: Amsterdam, Antwerp, Athens, Bangkok, Barcelona, Beijing, Bernese, Bonn, Budapest, Buenos Aires, Cairo, Caracas, Chicago, Copenhagen, Dublin, Geneva, Gibraltar, Grand Cayman, Hong Kong, Istanbul, Jakarta, Johannesburg, Lima, London, Los Angeles, Luxembourg, Madrid, Manila, Mexico City, Milan, Moscow, New York, Osaka, Paris, Prague, Rio de Janeiro, São Paulo, Seoul, Singapore, Sydney, Tehran, Tokyo, Toronto, Warsaw, Zurich.

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 15 1993										THURSDAY SEPTEMBER 16 1993										DOLLAR INDEX	
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yes	DM Index	Local Currency Index	Local % change on day	Gross Domestic Product % change on day	US Dollar Index	Pound Sterling Index	Yes	DM Index	Local Currency Index	Local % change on day	1993 High	1993 Low	Year ago (pence)					
Australia (80)	139.24	-0.1	132.09	83.92	115.32	143.04	-0.5	3.80	139.32	133.57	93.18	116.37	143.82	146.84	117.39	136.14	136.14					
Austria (17)	175.76	+0.1	167.94	118.04	145.56	144.94	-1.3	1.07	175.80	168.25	117.37	146.59	180.43	131.16	133.44	133.44	133.44					
Belgium (42)	182.92	+1.0	148.18	102.70	126.85	128.78	+0.0	4.45	161.38	145.12	101.23	125.43	128.79	156.78	151.19	136.66	136.66					
Canada (107)	123.97	+0.4	118.47	83.28	102.67	117.83	-0.3	2.88	123.90	118.19	82.59	103.14	118.15	130.38	111.41	125.18	125.18					
Denmark (32)	230.01	-0.2	219.80	164.48	190.48	204.52	-1.1	1.11	230.54	221.01	154.18	192.55	208.86	232.42	185.11	186.78	186.78					
Finland (23)	108.87	+0.6	104.99	73.79	90.99	130.91	+0.1	0.80	109.24	104.72	73.06	91.24	130.79	115.56	85.80	82.92	82.92					
France (97)	189.24	-1.4	161.72	113.66	140.15	147.84	-2.2	8.13	171.69	164.59	114.81	143.38	150.58	171.69	142.72	158.22	158.22					
Germany (50)	127.24	-0.1	121.58	85.47	105.37	105.37	-0.9	2.00	127.30	122.04	85.15	106.32	106.32	128.77	101.59	111.57	111.57					
Hong Kong (55)	236.41	+0.1	238.34	199.07	245.69	254.57	+0.1	3.37	236.69	233.58	198.02	247.31	294.02	302.14	218.82	222.10	222.10					
Ireland (14)	171.63	-0.3	164.01	115.27	142.15	168.21	-0.7	3.37	172.12	165.01	115.11	143.79	167.32	173.08	129.28	145.54	145.54					
Italy (70)	77.46	-1.2	74.02	62.02	84.15	88.80	-1.5	1.94	78.41	75.17	62.44	86.49	89.95	79.93	53.78	48.25	48.25					
Japan (470)	166.26	-2.4	149.99	105.42	130.01	105.42	+0.0	0.78	167.03	151.11	105.42	131.67	105.42	165.51	100.75	108.24	108.24					
Malaysia (39)	387.39	-0.9	379.71	296.97	329.08	336.93	-0.8	1.17	401.12	384.24	295.25	323.82	362.82	412.81	285.28	285.28	285.28					
Mexico (19)	1700.23	-1.2	1624.71	2141.91	1408.12	5780.38	-1.3	0.85	1721.07	1649.94	1151.01	1437.46	5584.05	1757.19	1410.30	1363.15	1363.15					
Netherlands (24)	163.71	-1.0	175.55	123.38	152.15	190.00	-1.8	3.84	165.54	177.98	124.08	154.97	152.91	167.18	150.29	150.29	150.29					
New Zealand (13)	162.95	-0.4	161.58	118.43	145.04	166.21	-0.9	1.58	163.98	158.59	118.43	145.04	166.21	167.18	150.29	150.29	150.29					
Norway (22)	176.53	-0.6	168.49	118.43	145.04	166.21	-1.1	1.89	174.10	170.10	118.07	145.92	152.91	177.13	150.29	150.29	150.29					
Singapore (38)	288.01	-0.0	276.22	193.44	238.82	212.03	+0.0	1.82	287.80	276.01	192.85	240.45	212.01	290.53	207.04	182.81	182.81					
South Africa (80)	183.14	+3.4	175.01	123.00	151.67	190.74	+2.0	2.74	177.03	168.76	123.00	151.67	190.74	219.28	144.72	162.95	162.95					
Spain (43)	137.79	-1.8	131.64	92.52	114.08	133.84	-2.0	4.25	140.34	134.54	93.88	117.21	138.51	140.34	115.23	128.57	128.57					
Sweden (22)	181.05	-1.5	179.32	128.03	155.42	218.90	-1.4	1.54	189.88	182.13	127.06	156.26	155.42	218.90	128.57	128.57	128.57					
Switzerland (50)	137.63	-0.3	131.91	92.44	114.08	115.85	-0.8	1.83	137.99	132.26	92.28	116.26	119.54	130.84	108.91	114.51	114.51					
United Kingdom (218)	189.57	-0.9	180.58	126.91	158.49	180.88	-1.2	3.95	187.73	182.85	127.50	159.29	182.85	191.70	162.00	161.26	161.26					
USA (520)	185.93	-0.3	180.21	123.66	155.19	165.55	-0.3	2.82	186.94	180.18	125.75	156.99	167.94	180.40	175.38	175.38	175.38					
Australia (748)	188.12	-0.8	151.09	106.20	130.98	141.37	-1.3	3.12	195.99	172.20	106.30	133.13	148.26	158.29	133.92	133.92	133.92					
Canada (1716)	178.84	-0.7	170.70	119.98	147.95	185.35	-1.1	1.55	179.31	172.50	120.38	150.32	163.46	182.48	142.13	150.15	150.15					
Europe-Pacific (1627)	199.68	-0.6	182.99	107.24	132.94	125.81	-0.6	1.89	198.68	185.94	107.36	134.11	126.52	126.86	117.28	117.28	117.28					
Japan (82)	194.57	-0.3	176.38	123.88	152.89	183.79	-0.3	2.72	193.94	176.34	123.03	133.86	181.21	185.91	171.51	162.34	162.34					
US (530)	135.50	-0.7	132.35	83.04	114.73	123.33	-0.9	2.57	135.90	133.74	83.31	116.54	125.05	132.90	115.21	115.21	115.21					
Europe (244)	200.89	-0.2	181.78	134.81	165.23	187.52	-0.3	3.05	196.73	193.47	134.81	167.83	188.08	205.61	192.71	179.03	179.03					
Asia (1643)	186.23	-0.2	181.78	134.81	165.23	187.52	-0.3	3.05	196.73	193.47	134.81	167.83	188.08	205.61	192.71	179.03	179.03					
World (1950)	168.32	-0.1	158.90	111.69	137.73	143.13	-0.1	2.03	166.46	159.58	111.33	139.04	143.26	165.50	134.22	136.45	136.45					
US (2108)	186.29	-0.2	180.84	113.06	139.81	145.15	-0.2	2.21	186.87	180.17	112.82	140.69	146.48	174.03	137.29	137.29	137.29					
World (1699)	176.31	-0.1	166.48	118.43	145.04	165.80	-0.3	2.86	176.44	168.15	116.01	147.39	172.10	177.11	157.47	157.47	157.47					
World (2185)	166.29	-0.2	160.81	113.03	136.39	146.56	-0.2	2.22	166.59	161.93	112.76	140.82	146.87	170.47	137.37	136.36	136.36					